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No. 2, 16 January 1985

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## CHINA REPORT RED FLAG

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Translation of the semimonthly theoretical journal of the Central Committee of the Communist Party of China published in Beijing.

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READING 'BUILDING SOCIALISM WITH CHINESE CHARACTERISTICS'

Beijing RED FLAG in Chinese No 2, 16 Jan 85 pp 2-7

[Article by Ma Hong [7456 3163]]

[Text] After the conclusion of the "Great Cultural Revolution" in China, in particular after the 3d Plenary Session of the 11th CPC Central Committee reestablished the Marxist ideological and organizational lines, what road will China's modernization take? What are the prospects for its development? This is an important issue of great concern not only for the Chinese people but also people throughout the world. Comrade Deng Xiaoping's book "Building Socialism With Chinese Characteristics" published very recently further expounds on the ideas in the "Selected Works of Deng Xiaoping" published in 1983, and provides scientific, systematic, and concise Marxist discussions on the important issues mentioned above. The publication of this book is of extremely great significance to China's socialist construction, in particular to the reform of the economic structure which is under way at present. Comrade Deng Xiaoping pointed out in his "Opening Address" to the 12th CPC National Congress: It is necessary to "combine the universal truth of Marxism with China's actual conditions, to take our own road, and to build socialism with Chinese characteristics." ("Building Socialism With Chinese Characteristics," p 3; in the following quotations from this book the page number only will be given.) This concept has already become the general guiding principle for us in building the country's socialist modernization. This book gives expression to a series of important ideas and views of Comrade Deng Xiaoping by concentrating the wisdom of the whole party in solving new problems emerging from practice. In the following I should like to deal with my experiences in studying the book.

Take Our Own Road and Fulfill the Magnificent Goal of Socialist Modernization

Socialist revolution and socialist construction is a great undertaking unprecedented in human history. There were no ready answers to follow on how to realize socialist revolution in a semicolonial, semifeudal country of extreme poverty and backwardness like old China, or on how to carry out socialist construction after the victory in the revolution. Having gone through all kinds of hardship, the Chinese people finally won victory in the democratic revolution under the guidance of Mao Zedong Thought which merges the universal truth of Marxism with the specific practice of China, founded the PRC, and began the great march to socialist construction.

In a certain sense, China's road to socialist construction has been even more tortuous than the course of the revolution. In the initial phase after the founding of the PRC, we adopted certain principles and politics which were suitable to the characteristics of China in socialist transformation and socialist construction based on the party's glorious tradition of linking theory with practice, and scored great victories. However, the modes of foreign traditions were later adopted to a considerable degree whether in the principle of socialist industrialization or in the choice of a socialist economic system. Although its malpractices were making themselves keenly felt in the mid-1950's, and both the Central Committee and Comrade Mao Zedong himself proposed looking for China's own road to industrialization (see "On the Correct Handling of Contradictions Among the People"), the problem of how to merge the universal truth of Marxism with the specific practice of China's socialist construction, a problem that affects the life and death of China's socialist cause did not have the conditions to be solved in the considerably long historical period prior to the smashing of the "gang of four" because of the development of "leftism" in guiding ideas. On the contrary, the malpractices of the old mode grew more and more pronounced which gravely impeded the development of China's national economy.

The 3d Plenary Session of the 11th CPC Central Committee, called in December 1978, reestablished the ideological line of seeking truth from facts, and decided on a strategic shift of focus in the party's work, signaling the true beginning of a great change.

What is the key task for the whole party and the people of the whole country in the period of socialist construction? This has been disputed for a long time inside the party. Lenin said that only socialism can give all laborers the best and happiest life. In order to fulfill this aim, the most important task is to develop productive forces. However, over a very long period, we did not shift the party's work focus to suit the changes in the political and economic situation at home, but continued to go in for "taking class struggle as the key link," while neglecting the question of developing productive forces. Bringing order out of chaos, the 3d Plenary Session of the 11th CPC Central Committee proposed the strategic idea of shifting the work focus of the whole party to modernization, enabling China's socialist construction to be shifted onto the correct track. Comrade Deng Xiaoping has made an overall and profound exposition on understanding this theoretical question in his talks and speeches collected in the book "Building Socialism With Chinese Characteristics."

Comrade Deng Xiaoping has said: "Marxism attaches the greatest importance to the development of productive forces. We talk about communism, but what does communism imply? It is the principle of from each according to his ability, to each according to his needs. This requires a high level of development of social productive forces and an abundance of social material wealth. Therefore, the fundamental task in the socialist phase is to develop productive forces. The superiority of socialism finds expression in the development of its productive forces at a higher level and faster than capitalism." (pp 35-36) As to what socialism is, we did not have a

completely sober understanding in the past. Often we failed to draw a distinction between socialism and egalitarianism on the basis of universal poverty. According to the theory of scientific socialism, socialism must eliminate poverty; and poverty is not socialism, nor is it by any means communism. Comrade Deng Xiaoping has said: "Our political line is to take the four modernizations as the focus and to persist in developing productive forces; and we should always take a firm grasp of this basic link unless there is a war. But even with a world war, we will still go in for construction after the war." (p 37) This is a thorough materialist view.

At present, the key task for the people of the whole country is to develop the productive forces and to realize the four modernizations. Comrade Deng Xiaoping has pointed out: "We have determined a political objective: As regards economic development by the end of this century, we will quadruple the annual gross value of industrial and agricultural output and reach a comparatively well-off standard of living with the average per capita gross national product topping \$800." (p 48) Regarding the implementation of the "Sixth 5-Year Plan," this target will certainly be fulfilled. According to the original tentative idea, the growth rate of the annual gross value of industrial and agricultural output for the first decade was 6.5 percent as required, thus the average growth rate in the next two decades could be 7.2 percent, and quadrupling would be realized. But in fact, the average growth rate in the first 3 years was already close to 8 percent, and it is estimated that in 1984, it would increase by 11 percent over 1983. In fact, from the trend in the first decade it is likely to surpass 7.2 percent, and the average growth rate in the next two decades will be still greater. With regard to the trend in the improvement of the people's living standards in recent years, the goal of reaching a comparatively well-off standard will certainly be realized.

Comrade Deng Xiaoping has fully discussed the great significance of quadrupling under the prerequisite of continuously improving economic results. Quadrupling not only means raising the people's living standards to a well-off level, but also greatly strengthening our national power. By the end of the 20th century, the gross national product will have reached \$1 trillion, occupying a high place in the world. By then, we shall have more money to spend on developing science and educational undertakings, and building our national defense. Also, our political situation will certainly achieve still greater stability and unity, and China's influence in the world will be far different. When the goal of quadrupling is realized, we will strive for a new target, namely, with another effort to 3 to 5 decades, we will strive to get close to the production level and living standards of economically developed countries. And that is why Comrade Deng Xiaoping has pointed out: "We must work very hard and carry out arduous struggle in the next two decades. There are still 16 years between now and the year 2000, we must do a good job of it and do it wholeheartedly." (p 59)

Comrade Deng Xiaoping has also analyzed the historical and present conditions of China, pointing out that we must persist in the socialist road in realizing the four modernizations. If the capitalist way of distribution is followed, even when quadrupling is realized, only one or two out of a

thousand people will become well-off, while more than 90 percent of the population will still remain in poverty, and the country will not get rid of poverty and backwardness; only when the socialist principle of distribution of from each according to his ability, to each according to his work is persisted in, will it be possible for the people of the whole country to universally improve their living standards to a well-off level. Therefore, we must persist in socialism. For this, Comrade Deng Xiaoping has further pointed out, at present we must attach particular attention to building material civilization; at the same time, we must also build socialist spiritual civilization.

#### Making the Economy at Home Lively, and Opening to the World

Making the economy at home lively, and opening to the world is the basic policy determined by the 3d Plenary Session of the 11th CPC Central Committee on the basis of summing up China's historical experiences. In this book, Comrade Deng Xiaoping explains and develops this policy on the basis of the new practice in the past 2 years. In the speech "Fulfill the Magnificent Goal of the Four Modernizations and the Basic Policy," he points out that fulfilling the target of quadrupling the annual gross value of industrial and agricultural output by the end of the 20th century will be impossible without the policy of making the economy at home lively, and opening to the world in foreign economic relations.

Back in May 1980, Comrade Deng Xiaoping said: "When the rural policies were relaxed, some places which are suited to fixing farm output quotas for each household did so with very good effects, and there have been rapid changes." ("Selected Works of Deng Xiaoping," p 276) Because of the relaxation of the rural policies, diversified forms of the system of contracted responsibilities on the household basis, with payment linked to output have been adopted, specialized households and all forms of economic combination bodies have been actively developed, "production has been developed in line with the local conditions" ("Selected Works of Deng Xiaoping," p 276), and commodity production and exchange have been developed in a big way. Thus, agricultural production which was an anxiety for people over a long period has developed vigorously in a short time, with the output of grain, cotton, and edible oil reaching a record high. Policies have likewise been relaxed in cities where diversified economic and management forms have been implemented; regarding enterprises of ownership by the whole people, the relations between the state and the enterprises are being correctly handled, the decisionmaking powers of the enterprises have been extended, the substitution of taxation for profits handed over to the state has been implemented and, not only have collective and individual economies implemented independent accounting and assumed sole responsibility for their profits and losses, but state-run enterprises are gradually doing so. They have become or are becoming relatively independent commodity producers and managers. Thus, an active economic life is beginning to appear, a situation rarely seen in recent years.

Comrade Deng Xiaoping has repeatedly explained the necessity of implementing the policy of opening to the world. Historically, China suffered from the



closed door. After the founding of the PRC, it suffered from the closed door over a comparatively long period. Summing up historical experiences, Comrade Deng Xiaoping concludes: "Locking the door against the world was an important factor contributing to China's long-standing state of stagnation and backwardness. Experience has shown that construction will not be successful with the door shut, and China will not develop without the world." (p 50) This is correct. Comrade Deng Xiaoping also profoundly explains the relation between self-reliance and opening to the world. He points out that in carrying out construction, a big country like China cannot but rely on itself, and we should primarily rely on ourselves; this is self-reliance. However, while persisting in self-reliance, it is also necessary to open to the world and to absorb foreign capital and technology to help our development. Some of our comrades make self-reliance antagonistic to opening to the world; this is wrong.

Summing up the experiences in the Shenzhen Special Economic Zone [SEZ], Comrade Deng Xiaoping holds that our policy of building SEZ's is correct. Experience has proved that advanced technology can be imported, science and technological knowledge can be acquired, and advanced methods of management and operation can be learned from the SEZ's. Therefore, the SEZ's are windows of technology, management, and knowledge as well as of our foreign policy. Comrade Deng Xiaoping has pointed out: "We must have an explicit guiding idea in building special economic zones and implementing the policy of opening to the world, namely, we are opening but not closing." (p 24)

Opening the coastal areas beginning from Dalian port in the north to around Beihai city in the south will certainly open our windows wider. These areas have many favorable conditions; not only do they have close ties with the broad rural areas and the inland, but also convenient ties with foreign countries, and they are more developed in commodity economy, having quick access to information. The economic policy for these windows can be more flexible, with a greater proportion of market regulation and bigger strides in reform. Through selection and filtering in SEZ's, open cities, and open coastal areas, advanced technology and advanced managerial forms suitable to socialized mass production can be actively imported, absorbed, digested and improved on before we transfer them to the inland, combining import and international cooperation with the development of the coastal areas and the inland. Thus, it is possible for the coastal areas to become prosperous first, and help the inland areas develop better and faster. This will promote the economic invigoration of the whole nation and better fulfill the strategic goal of China's socialist economic construction.

Some comrades are worried that opening up will bring in capitalism. Comrade Deng Xiaoping scientifically analyzes this question and explicitly points out that opening is favorable to socialism, and will not bring capitalism. Since China is essentially socialist, when we open some cities, we are allowing some capitalist economy to enter, which is only a supplement to socialist economy and is favorable to the development of socialist productive forces. Opening will bring some negative factors, but so long as we have a sober understanding about it, these negative factors will not be difficult to overcome. Comrade Deng Xiaoping also points out: "No matter

how open we are, the economy based on the public ownership system will still remain dominant. In joint ventures with foreigners, 50 percent still belongs to socialism. And over 50 percent of the actual profits of joint ventures will come to us. So there is nothing to be afraid of. It is the state and the people who get the lion's share of the profits, not capitalism. There are sure to be negative effects, but there are ways to overcome them." (p 61)

Whether our policy of making the economy at home lively and opening to the world in foreign economic relations will change or not is also worrying some people. Comrade Deng Xiaoping convincingly explains that our policies will not change, and nobody can change them. Because these policies are correct and are in conformity with our national condition, and effective, too. As a result of the implementation of these policies, the state is beginning to prosper, and the people's living standards have improved; therefore, the people support the policies. Whoever wants to change the policy will be resisted by the people. Comrade Deng Xiaoping says: "Enlivening the domestic economy and opening our economy to the outside world is not a short-term, but a long-term policy, and it will remain unchanged for at least 50 to 70 years." "Even if it is to change, it can only become more open." (p 51)

#### Showing Respect to Knowledge and Talents

Modern economy is based on the most updated science and technology. Without enough scientific and technical skill, and without bringing into full play the role of science and technology, the fulfillment of the four modernizations will be impossible. However, our efforts in training talented people, in bringing into play the role of talent, and in exploiting intellectual resources have everywhere met with hindrance from the innate concept of neglecting knowledge and suppressing talent, of the productive forces dominated by the manual labor of the old society, and the production mode dominated by small-scale production. Thus, the strengthening of the exploitation of intellectual resources has become a crucial issue in determining the success or failure of socialist modernization.

Comrade Deng Xiaoping firmly grasps this crucial issue. Since he resumed work in 1975, he has repeatedly laid stress on the exploitation of intellectual resources. In "Building Socialism With Chinese Characteristics," on many occasions he deals with this issue and makes further explanations on it. In the "Speech Made at the 3d Plenary Session of the Central Advisory Commission," he points out: "The 'Decision' (Editor's note: Referring to the "Decision of the CPC Central Committee on Reform of the Economic Structure") deals with 10 points. The ninth point is the most important one, but of course, the other points are important, too. To generalize, the ninth point means 'respecting knowledge, respecting talented people.' The crucial issue that determines our success or failure is whether we can discover talented people and use them." (p 61)

The exploitation of intellectual resources is linked with attaching attention to the role of science and technology. Marxism has all along held that science and technology are productive forces. The "gang of four" opposed this view and have confused people's minds. Comrade Deng Xiaoping

profoundly criticizes this fallacy, and points out: "The development of modern science and technology has made the relations between science and production closer and closer. As productive forces, science and technology are more and more displaying their tremendous role." ("Selected Works of Deng Xiaoping," p 84) He holds that the crux of the four modernizations is the modernization of science and technology. This is because without modern science and technology, the building of modern agriculture, industry, and national defense will be impossible. In order to bring into play the role of science and technology, it is necessary to carry out the exploitation of intellectual resources in a big way. Therefore, it is not by chance that Comrade Deng Xiaoping attaches such great importance to knowledge and talent.

Comrade Deng Xiaoping also proposes important views on how to exploit intellectual resources. He points out that it is necessary to strengthen scientific and technological research, and to strengthen work in education at all levels in a big way, as well as the educational work of all workers and staff and cadres. He holds that more institutes of higher education should be developed, and the enrollment of new college students be increased by 50 percent, if not by 100 percent, in the near future. There should not be any problems in doubling the enrollment in key universities and colleges, since there is no shortage of teachers today, but the main problem is the shortage of accommodation for students. However, it is possible to spend some money on building school houses and dormitories. He wrote an inscription for Jingshan Middle School, which reads: "Education should be oriented to modernization, the world, and the future." (p 21) This indicates the orientation of China's educational reform. He also proposes using foreign intellectual resources, which is also worthy of our serious consideration.

Another crucial question concerning the exploitation of intellectual resources is the selection and use of talented people. Comrade Deng Xiaoping holds that it is not that we have no talented people, but the problem is whether they can be well organized and used, and whether their initiative and specialties will be brought into play. Now we are short of science and technical personnel on the one hand; on the other, there are grave phenomena of holdups in work through poor organization and wastage, and of using talented people without considering their specialties. He stresses: "Now we should boldly use middle-aged and young cadres. In particular, Comrade Chen Yun pointed out the need to select young people in their 30's and 40's. This is a very good idea." (pp 61-62) He also points out that whether the party rectification in grassroots units and enterprises is successful depends on whether we can discover a number of young people. The young people are not very experienced now, but they will be qualified in about 2 years; if they are not quite up to the requirements of their posts now, they will be in 2 years or so. Therefore he advises the veteran cadres that on this issue they must emancipate their minds.

Comrade Deng Xiaoping holds that it is imperative to solve the organization and administration of the contingent of scientific and technical personnel if the role of the intellectuals is to be brought into play. He makes an analysis of the shortcomings in the administrative methods among science and

technical personnel, and holds that it is necessary to draw experiences from abroad and to refer to the experiences of economically developed nations and solve this problem in earnest. He says: "In implementing the policies for the intellectuals, the solution of the problem of the administration of the contingent of science and technical personnel should be given the priority." (p 8) "We must be determined to implement the policies toward the intellectuals and improve their living conditions." (p 14)

#### Reforming the Economic Managerial System

There exist grave malpractices in China's traditional economic managerial system and it is imperative to carry out reform of this economic system so as to step up the pace in modernization, to enliven the economy and to mobilize intellectual resources. Comrade Deng Xiaoping has long pointed out that the reform in the economic structure is an important guarantee for us to persist in the socialist road and to concentrate our efforts on building modernization. Building a socialist economic structure to meet the needs of the development of socialist productive forces is not only an important condition for realizing socialist modernization but also an important task for building socialism with Chinese characteristics.

Our reform began first in the rural areas. China's rural population accounts for 80 percent of the nation's total population, and the stability of society and the development of economy rely principally on the conditions of the rural areas and the peasants. The reform in the rural areas is very important. Comrade Deng Xiaoping highly evaluates the achievements made in the rural reform in recent years. He says: "The rural reform carried out in recent years is reform of a revolutionary significance." (p 50) "Life in the countryside was very difficult in the past, but now the majority can be said to have enough food and better clothing, and there is a great improvement in their living conditions." (p 49) He also makes many important proposals concerning further development in production and reform.

As pointed out by a leading comrade of the State Council, China's reform of the economic structure has developed from the rural to the urban areas, from collective ownership economy to an economy with ownership by the whole people, from small to big enterprises, from small to large commodities, from means of subsistence to means of production, from the coastal areas to the interior, from newly opened cities (such as Shenzhen) to old cities along the coast (such as Shanghai), from bottom to top, and from the easy to the difficult, and has been carried out in this way step by step. Because of the CPC influence of traditional rigid methods among the cadres and masses, and because of the difficulty in solving complex contradictions within the economic system itself, the reform of the economic structure will not be plain sailing. We have met with all kinds of difficulties, but during the reform process, Comrade Deng Xiaoping has persisted in the orientation of reform, and given meticulous guidance to the work in reform.

The "Decision of the CPC Central Committee on Reform of the Economic Structure," drawn up by the 3d Plenary Session of the 12th CPC Central Committee, has proposed the requirement for stepping up the pace of reform of the



economic structure in cities, which signifies that China has entered a new phase of overall reform. How to draw on experience from the reform in the rural areas for urban reform is an important issue. In urban reform, we certainly should draw on experience from rural reform, but at the same time, we should attach importance to what Comrade Deng Xiaoping says: "The cities should not copy all the experiences of the rural areas intact; this is because the cities are more complicated than the rural areas, the cities include industry, commerce and service trades, as well as science, education, culture and other fields." (p 50) The experiences of rural reform make us believe that the urban reform will certainly score successes. Because of the complexity involved in urban reform, it is necessary for us to be resolute in reform, to have firm faith in victory, while being meticulous in our work so as to ensure success. "In short, the principle we are following in seeking truth from facts." (p 50)

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Comrade Deng Xiaoping's book is very rich in content. In many of his talks and speeches, he discusses the concept of "one country, two systems." The basic implication of "one country, two systems" is that inside the PRC two social systems are to be implemented, namely, the mainland will implement the socialist system, and when Hong Kong is recovered in 1997 and Taiwan returns to the motherland, they will maintain the capitalist system for a considerable period of time. This concept is not an expedient measure, but is linked with the long-term task of China's socialist modernization, which not only conforms to China's national condition, but Lenin's strategic idea of "using capitalism to promote socialism." This concept has not only found a feasible and wise road for China's reunification, but has provided helpful clues for solving some international disputes and stabilizing the world's situation.

Comrade Deng Xiaoping also points out in this book that the aim of our foreign policy is to strive for world peace, and we want to go in for modernization heart and soul in a peaceful international environment. His proposal that the army must be subordinate to the whole situation of national construction is of universal significance to the whole party and country. It is imperative for us to study Comrade Deng Xiaoping's book in earnest, study the new situation and solve new problems in light of the spirit of seeking truth from facts which he has stressed, and continue to push ahead in China's socialist modernization.

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ON SOME BASIC CONCEPTS OF SOCIALIST DEMOCRACY--STUDYING THE 'SELECTED WORKS OF ZHOU ENLAI,' VOLUME 2

Beijing RED FLAG in Chinese No 2, 16 Jan 85 pp 8-13, 37

[Article by Xiong Fu [3574 1788]; passages within slantlines published in boldface]

[Text] From the founding of the PRC in 1949 to his death in 1976, Comrade Zhou Enlai continuously held the principal leading posts of our state for 26 years. For this reason, the formation and development of China's socialist democracy were inseparable from his brilliant thinking and practice. The second volume of the "Selected Works of Zhou Enlai" includes only some of his remarks, reports, manuscripts, written instructions, texts of telegrams, and letters concerning this issue, but we can still learn many important concepts from them. And this is of practical guiding significance to our understanding and practice of socialist democracy.

/First, what is socialist democracy?/

Comrade Zhou Enlai told us: "Our state power is the people's democratic dictatorship." He pointed out that this political power belongs to and serves the masses. Ever since the PRC was founded, the masses have witnessed for the first time their own government, which is honest and conscientious in performing its duties and which carries out arduous struggle, maintains close links with the masses, and shares weal and woe with them. The central people's government and the local people's government at all levels are diametrically different from the KMT reactionary government oppressing the people.

That is to say, our country's socialist democracy is a state system of the people's democratic dictatorship. Whether in the transitional period from new democracy to socialism or after the basic completion of the socialist transformation and the basic establishment of the socialist system, our state system has always been the people's democratic dictatorship. Under this system, all the people, including workers, peasants, intellectuals, other laborers and patriots are the masters of the country and of their own affairs. It is precisely on this question of "state system" that an essential difference exists between our socialist democracy and bourgeois democracy.

As we all know, democracy is a state formation. As a state formation, democracy refers to the exercise of class rule by democratic and not by autocratic means. The class occupying a dominant position in the state life determines the nature of this state. That is what we call the "state system." As a state formation, socialist democracy refers to the ruling position of the broad masses of people who, under the leadership of the working class, are the masters of their own efforts. Under the socialist system, basing themselves on joint ownership of the means of production, the masses of people wield all the power of the state. By virtue of this power, the broad masses of people ensure that they enjoy and exercise the freedom and rights stipulated in the constitution and the law, protect their fundamental interests guaranteed by the constitution and the law, organize themselves in carrying out socialist material and civilization construction, give scope to their political initiative and labor enthusiasm in the state and social life and, at the same time, defend our country from aggression by any hostile forces abroad and from sabotage by any hostile forces in the country. That is to say, because it is based on the system of socialist public ownership, because the exploiting system and classes have been wiped out, and because the masses of people hold a dominant position, socialist democracy is the most extensive democracy. It is the democracy of the great majority of people, the democracy of the people.

The essence of socialist democracy is that the people occupy a dominant position in the state life, wield state power, and act as the masters of their own affairs.

/Second, what is the organizational form of socialist democracy?/

Comrade Zhou Enlai told us that the organizational form of our socialist democracy is the NPC and the local people's congresses at all levels elected according to the principles of democratic centralism and equality. He pointed out that in the first few years after the founding of the PRC, because we were not provided with the conditions to hold people's congresses at all levels, we adopted a transitional method of holding local people's representative conferences at all levels. In 1953, because the various conditions were ripe, we started instituting the system of local people's congresses at all levels. After conducting an extensive democratic election campaign, we elected deputies to the local people's congresses at all levels and, on this basis, deputies to the NPC, and thus instituted the NPC system.

That is to say, the organizational form of China's socialist democracy is chiefly the representative system. The representative system refers to one under which the broad masses of people elect the local people's congresses at all levels and the NPC by direct or indirect elections and then take direct or indirect part in the management of state affairs, economic and cultural undertakings, and social affairs through the local people's congresses at all levels and the NPC. That is what we call the "political system." Under this political system, every citizen can fully exercise his or her right to vote and to stand for election, either by voluntarily electing his or her trusted representative or by being trusted and elected as a representative of the people. Under this political system, the broad

masses of people can also fully exercise their authority to supervise so that the people's deputies and the state organs elected by them, including the administrative, procuratorial, and judicial organs, are subject to the overall supervision by the masses of people. Under this system, the masses of people can also fully exercise their right to inform against, to impeach, or to recall the deputies or the government functionaries who fail to carry out the will of the people, to subordinate themselves to the fundamental interests of the people, or to wholeheartedly serve the people and, with the approval of the great majority of the masses, reelect, dismiss, or recall them at any time.

From the practice of our political life over the years we can also see that direct democracy is also an important form of China's socialist democracy. The main feature of this form is that all citizens can, at any time and at any place, extensively discuss the state's major and basic policies and construction plans, freely make their suggestions to, or criticize, the people's organs of power and the state organs, and lodge complaints with, or inform against, the people's deputies or government functionaries by various forms and through various channels under the supervision of the masses, such as the congresses of workers (or commune members), trade unions, women's federations, CYL organizations, other social organizations, other mass organizations of self-government, the democratic parties, and the CPPCC committees, and by various means, such as meetings, the letters the people send in, the complaints they make when they call, newspapers, magazines, and broadcasts. In this way they participate in the management of state affairs, economic and cultural undertakings, and social affairs, and assume overall and direct supervision by the masses of people over the state life.

Democracy under the representative system and direct democracy are two basic forms of our country's socialist democracy. Mutually related and complementing one another, they ensure the rights of the masses of people as the masters in state life.

/Third, what is the basic content of socialist democracy?/

Comrade Zhou Enlai told us: "The people's democratic dictatorship consists of two aspects, democracy for the people and dictatorship over the reactionaries. Democracy for the people must continuously be expanded and dictatorship over the reactionaries must continuously be strengthened." He pointed out: Promoting democracy among the people and exercising dictatorship over the people's enemy constitute the two inseparable aspects of the people's democratic system in our country.

That is to say, as far as the people are concerned, China's people's democratic dictatorship is socialist democracy. This is the primary and basic content of socialist democracy. In order to achieve and ensure democracy among the people, our constitution has made a series of stipulations. These stipulations include: All citizens of the PRC are equal before the law; all nationalities in the country are equal; women enjoy equal rights with men in all spheres of life, political, economic, cultural, and social,

including family life; all citizens who have reached the age of 18 have the right to vote and stand for election, regardless of nationality, race, sex, occupation, family background, religious belief, education, property status, or length of residence; all citizens enjoy freedom of speech, of the press, of assembly, of association, of procession, and of demonstration; all citizens enjoy freedom of religious belief; the freedom of person, personal dignity, home, and freedom and privacy of correspondence of citizens are inviolable; all citizens have the right to receive education, to work, to rest, and the right to material assistance from the state and society when they are old, ill, or disabled; all citizens have the freedom to engage in scientific research, literary and artistic creation, and other cultural pursuits, all citizens have the right to criticize, make suggestions to, make complaints and charges against, or exposure of, any state organ or functionary; and so on. According to the constitution, "the exercise by citizens of the PRC of their freedom and rights may not infringe upon the interests of the state, of society, and of the collective, or upon the lawful freedoms and rights of other citizens." This is the only restriction and the limit to the exercise by citizens of their freedom and rights. That is to say, under China's socialist system, the main body enjoying democratic rights is the broad masses of people. The extent and universality of the democratic rights enjoyed by this main body are unprecedented in China's history and are incomparably superior to bourgeois democracy.

We can clearly see that, as a kind of political superstructure, China's socialist democracy is not limited to political life but is expanded to an extensive sphere, including economic, cultural, and social life. On the one hand, the broad masses of people can fully enjoy freedom and exercise their rights in all spheres of life, political, economic, cultural, and social; the exercise of these rights and the performance of their bounden duties in these fields are protected by the state constitution and law. On the other hand, in all spheres of life, political, economic, cultural, and social, all acts in violation of the constitution and law, all acts infringing upon the interests of the state, the collective, or the whole society, and all acts infringing upon or interfering with the citizens in exercising their rights and performing their duties are banned or even punished by the constitution and the law.

China's socialist democracy has a fundamental feature, that is, the unity between rights and duties. While stipulating the equal and democratic rights enjoyed by citizens, our constitution also stipulates the basic duties the citizens must perform. They include: the duty to abide by the constitution and the law; the duty to receive education, to engage in labor, to observe labor discipline and public order, and to respect social ethics; the duty to defend the motherland and to perform military service in accordance with the law; the duty to safeguard the security, honor, and interests of the motherland; the duty to keep state secrets and to protect public property; the duty to pay taxes in accordance with the law; the duty to practice family planning; the duty to support and assist their parents and to rear and educate their minor children, and so on. That is to say, socialist democracy should not demand that all citizens perform only their duties without enjoying their rights. Nor should it demand that they enjoy



only their rights without performing their duties. All citizens should actively perform their bounden duties for this is conditional on their enjoyment of their legitimate freedom and rights. Conversely, full exercise by citizens of their freedom and rights has also provided a guarantee for the active performance of their bounden duties. That is to say, the unity between rights and duties is a key indication of socialist democracy in ensuring that a socialist relationship of equality, mutual help, and unity is established and developed between people.

Since China's socialist democracy, as a state formation, is a political system under which the great majority of the masses of people hold a dominant position, in addition to the aspect of promoting democracy among the people, it also has the aspect of exercising dictatorship over the enemy. The two aspects are united and are two mutually related but mutually different functions for establishing rule by the masses of people. Due to various reasons, historical, practical, domestic, and foreign, the counter-revolutionaries, enemy agents, all kinds of criminals and other bad elements undermining socialist order, and new exploiting elements engaging in graft, embezzlement, smuggling, and profiteering still exist under the socialist system. Moreover, this phenomenon cannot be completely eliminated in a considerably long period. Naturally, our struggle with these hostile social forces is different from the class struggle in the past because these hostile elements can no longer form a class. However, our struggle with these hostile elements is still a special form of class struggle because they still represent the interests of the bourgeoisie and other exploiting classes which have been wiped out. Just as Comrade Deng Xiaoping said, the more socialism develops, the more people's democracy develops. In developing socialist democracy, however, exercising proletarian dictatorship over forces hostile to socialism is by no means dispensable. This dictatorship is both domestic and international struggle. Effective exercise of dictatorship by the state is precisely the guarantee of socialist democracy. Without democracy and without developing socialist democracy, it would be impossible to organize the masses of people in exercising effective dictatorship. Under the socialist conditions, with the constant development and perfection of socialist democracy, the constant progress and effectiveness of our efforts to struggle against, educate, and reform hostile elements, the increasing development of social productive forces and economic construction, and the increasingly mature political, economic, cultural, and social conditions, which also includes the growing improvement of the educational and cultural standards of the masses of people, the main body enjoying freedom and rights will grow day by day while the number of targets of dictatorship will decrease day by day until the ultimate realization of a higher stage of socialist democracy, that is, democracy for all society members.

Whether in practicing democracy among the people or in exercising dictatorship over the enemy, China's socialist democracy has one central task, that is, by relying on the state power in their own hands, on their position as the masters of the country and society, and on their right to decide their own affairs, the broad masses of people bring into play their political initiative and labor enthusiasm in various fields, vigorously develop social

productive forces, go all out to promote the building of socialist material and spiritual civilization, and establish and develop a socialist social relationship between people in its best possible form in order to create the necessary material and spiritual conditions for completely eliminating class origin and class differences and to make a transition to communism. At the present stage, the central task of socialist democracy is to achieve the strategic objective of quadrupling the gross value of industrial and agricultural production by the end of this century and to turn our country into a powerful socialist state with Chinese characteristics, including the institution of comprehensive reform of the economic structure. In short, the people of all nationalities throughout the country should unite, and wholeheartedly engage in, concentrate all their efforts on, and be deeply engrossed in, the four modernizations program. It is precisely in this sense that socialist democracy is both an objective and a means. With regard to socialist democracy, the central task is an objective; with regard to the central task, socialist democracy is also a means. They are united and inseparable.

/Fourth, how should we develop and expand socialist democracy?/

Comrade Zhou Enlai told us: With the development of socialism and the further consolidation of dictatorship, the democratic aspect of the people's democratic dictatorship among the people should be constantly expanded. He pointed out that because the power of the people's democratic dictatorship is fairly concentrated, it is easy to overlook democracy if we fail to satisfactorily handle their relationship. "Therefore, we should always heighten our vigilance and pay constant attention to expanding democracy, which is of more essential significance."

In many of his articles Comrade Zhou Enlai raised the questions of expanding democracy. To sum up his idea, it is necessary to expand and develop socialist democracy in five aspects.

1. The deputies to the NPC and the local people's congresses at all levels should frequently come into direct contact with the masses of people. He pointed out: The deputies to the NPC should come into contact with the people and reality from an angle different from that of the government in order to understand the shortcomings or deviations in government work. That is to say, to be able to identify the mistakes. So long as they do not do this with evil intentions, it does not matter if there should be some errors or deviations in their views.

2. When the NPC and the local people's congresses at all levels are in session, it is necessary to allow all deputies to fully air their views, to expose the shortcomings in government work, and to make public these shortcomings among the people. He pointed out that it is necessary to allow people to "put on a rival show," to argue, and also to debate.

3. It is also necessary for the deputies to the NPC and the local people's congresses at all levels to conduct frequent and direct inspections on the work of the government, including the shortcomings and errors of the

administrative, procuratorial, and judiciary bodies. He pointed out: Our government is in the service of the people but it has shortcomings and errors. Therefore, it is necessary to conduct frequent inspections and, if any shortcomings or errors are detected, to supervise their rectification by the government.

4. Both the central and local authorities should influence and supervise each other. He pointed out: Since the central authorities, including the CPC Central Committee and the State Council, are in a leading position, they can see in a fairly all-round way the development of the situation as a whole. However, they are also inclined to overlook practical problems, partial and local interests, and the immediate interests of the masses. The local authorities, however, can relatively easily come into contact with the masses and reality and more readily notice practical problems, partial and local problems, and the immediate interests of the masses. The favorable position of the local authorities in this aspect can make up for the deficiencies of the central authorities. Therefore, it is necessary not only for the higher levels to supervise the lower levels but also for the latter to supervise the former. Both of them should condition each other. Only by approaching problems from the two aspects is it possible to satisfactorily fulfill the great cause of building socialism.

5. It is necessary to frequently oppose and struggle against bureaucratism. He pointed out: The CPC Central Committee and the State Council have, on numerous occasions, called on all state organs throughout the country to pay attention to overcoming bureaucratism and commandism in their work, to carry out criticism and self-criticism, to strengthen their links with the masses of people, and to observe state discipline and the principle of collective leadership. In spite of this, however, there are still some government functionaries who violate the principles of democratic centralism and the mass line by substituting collective with personal leadership and democratic leadership with the bureaucratic practices of divorcing from the masses, being unconcerned about the weal and woe of the masses, unwilling to listen to the criticism of the masses, and even suppressing or retaliating against the persons making such criticisms. He emphatically pointed out: Our government functionaries must conscientiously gain professional proficiency, study science, go down to the grassroots units to understand how the situation stands, and substitute the practice of giving formalistic directions with one of giving specific and practical directions. It is necessary to oppose those official documents and correspondence which fail to raise and solve issues, those long-winded meetings which are held without preparations and which fail to make any decisions, those work styles characterized by the practices of sitting in offices, holding meetings, and signing documents without gaining professional proficiency, knowing the situation, inspecting work, or coming into contact with the masses, and those phenomena, such as overstaffed organizations, a dilatory style of work, lax discipline, and poor definition of duties incumbent on each person or post. This is because they are in fact the manifestations of bureaucratism and do not in the least conform to the requirements for our state organs and the interests of the people's cause.



In his article "Combating Bureaucratism," Comrade Zhou Enlai also made a historical and specific analysis of bureaucratism. He cited 20 manifestations of bureaucratism, such as breaking away from the leadership and cutting oneself off from the masses, resorting to coercion and commandism, being stupidly and aimlessly bogged down in routine matters, acting as lords and masters, being dishonest and irresponsible, securing an official position for the sole purpose of making a living, being muddleheaded, careless, incompetent, and useless, acting like a sluggard, handling matters in a dull routine manner, practicing officialism and formalism, seeking personal privileges, putting on official airs, being selfish, scrambling for fame and gain, being at odds with other people, engaging in sectarian activities, becoming morally degenerate, following a very dangerous path, and so on. He pointed out: Bureaucratism is a political disease with which leading organs are most easily afflicted because it is a legacy from the long-standing rule of the exploiting classes. China was under the feudal society for a long time and was again under a semifeudal and semicolonial society in the past century. Therefore, bureaucratism is very harmful and dangerous to us. It has brought great losses to us and, if it is left unchecked and not resolutely rectified, will bring about still greater harms. For this reason, we should never allow bureaucratism to develop further.

That is to say, the development of socialist democracy is a long historical process. In essence, socialist democracy is already the highest degree of democracy in human history because it is enjoyed by the great majority of the people. However, because the economic, political, cultural, and social conditions are not ripe, because the state system, and its structure in particular, is not perfect, and because there are defects and deviations in our leading work, major shortcomings still exist in many links of socialist democracy. Therefore, socialist democracy is also a process of development from the elementary to the advanced, from the imperfect to the perfect, and from the immature to the mature stage. In the process of its development, while consolidating and strengthening our dictatorship over the enemy, we should constantly develop socialist democracy with two basic forms, representative democracy and direct democracy, till all the requirements and objectives of socialist democracy are achieved.

/Fifth, why is it necessary to place socialist democracy on a systematized basis and in a legal form?/

Comrade Zhou Enlai told us: In order to protect the cause of China's construction and to prevent it from being sabotaged, it is necessary to strengthen the state's public security, procuratorial, and judicial organs, to step up legislation, and to enforce the revolutionary legal system. He pointed out: The idea of neglecting the revolutionary legal system is completely wrong. All our government functionaries must strictly abide by the constitution and the law and become models in observing the law. At the same time, it is also necessary to educate the whole people to abide by the constitution and the law in order to ensure their unified implementation throughout the country. The greater the might of our constitution

and law, the more secure the rights and interests of the people, and the heavier the blow we shall deal any enemy of the people.

That is to say, the development of socialist democracy in our country is inseparable from the institution and perfection of the socialist legal system. The development of socialist democracy makes it necessary to constantly improve the people's political consciousness and educational standards and to train them into socialist citizens with lofty ideals, moral integrity, education, and a sense of discipline. It also calls for gradually riper political, economic, cultural, and social conditions in order to achieve the overall development of socialist social relationship between people. In addition, the development of socialist democracy also makes it necessary to place socialist democracy on a systematized basis and in a legal form in order to genuinely achieve equality of all people before the law, that is, to enable every citizen to go by and enforce the law and to be punished if he should act in violation of the law. There is no exception to that. In order to place socialist democracy on a systematized basis and in legal form, it is necessary to institute and perfect the NPC and the local people's congresses at all levels, as well as their standing committees, so that they can bring into full play their role as organs of state power; at the same time, it is necessary to formulate and implement a series of laws and to perfect and develop the socialist legal system so that they can have continuity, stability, and great authority. Only in this way is it possible to effectively ensure the right of the masses of people as the masters of their own affairs and to rely on their strength to exercise effective dictatorship over the enemy.

There is a question of a fundamental nature here, that is, improving and strengthening the leadership of our party over the state life. The party leadership over the state life is, in short, to guide and support the masses of people in becoming the masters of their own affairs. To put it on a systematized and legal basis, it is necessary to guide and support the masses of people in formulating and universally abiding by the constitution and the law. Since ours is a party in power, as far as its content is concerned, the work of the party is the same as that of the state, which is, on the basis of upholding the four basic principles, to vigorously develop social productive forces, to build socialist material and spiritual civilization, to achieve socialist modernization, to build socialism with Chinese characteristics, and to make China a highly democratic and culturally advanced socialist country. However, in addition to adopting the pattern of the party, it is also necessary to pay close attention to applying the pattern of the state. By applying the pattern of the state we mean the fixing of the party's policies in legal forms by means of the state constitution and law. The activities of the party, including those of every party organization and party member, should be carried out within the limits prescribed by the constitution and the law. Moreover, the various activities of the masses of people, such as the political, economic, cultural, social, and even family activities, and the activities of every citizen of the PRC in all fields of the state life should follow the path laid down in the constitution and the law.

There is still another historical event, that is, for a considerable long period we paid no attention to placing socialist democracy on a systematized basis and in a legal form; the socialist democracy and the socialist legal system were very seriously undermined during the "Cultural Revolution." In this period of "civil disturbance," the two counterrevolutionary cliques of Lin Biao and Jiang Qing did their utmost to pursue feudal fascism on the one hand and to whip up anarchism among the masses on the other, in an attempt to turn the masses into their accomplices and assistants. It should be noted that since the 3d Plenary Session of the 11th CPC Central Committee, socialist democracy and the work of placing socialist democracy on a systematized basis and in a legal form have been gradually restored and developed. It should also be noted that the serious consequences brought about by the historical event mentioned above, that is, the phenomena of suppressing democracy and the subsequent emergence of anarchism still exert a fairly serious influence in our state life. For this reason, it is still necessary for us to make great efforts to further develop socialist democracy, to perfect the socialist legal system, and to carry out unremitting struggle against various erroneous tendencies.

That is to say, according to the essence and demand of socialist democracy, democracy is the content of the legal system while the legal system is the form of democracy. In short, socialist democracy must be fixed in a legal form, must have continuity, stability, and great authority so that the broad masses of people can become masters in the state life. We should not set democracy against the legal system. It is wrong to stress one aspect in order to oppose or abolish another.

Undoubtedly, from Comrade Zhou Enlai's concepts of socialist democracy we can understand more profoundly that the 12th CPC National Congress has defined the building of a high degree of socialist democracy as a fundamental objective and a fundamental task because socialist democracy is the basic guarantee of building socialist material and spiritual civilization. Only by building a high degree of socialist democracy is it possible to enhance the status and sense of responsibility of the masses of people as masters of their own affairs and to bring into full play their initiative and enthusiasm so that the people can exercise the state power more satisfactorily in all spheres of life--political, economic, cultural, and social, the state organs can organize socialist construction more effectively, and a socialist social relationship of equality, unity, and mutual help between people and between people and society can be genuinely established and developed.

From Comrade Zhou Enlai's life story we can clearly see that he was a brilliant representative of socialist democracy in both theory and practice. He took infinite pains all his life to build and develop socialist democracy in our country and to place it on a systematized basis and in a legal form. His works are of great guiding significance to every one of us in understanding and practicing socialist democracy. Therefore, we should conscientiously read and study the "Selected Works of Zhou Enlai," Volume 2, earnestly practice what Comrade Zhou Enlai advocated, and contribute our share to developing socialist democracy in our country.

REFORM THE SYSTEM OF STATE MONOPOLY IN THE PURCHASE OF AGRICULTURAL PRODUCTS  
IN ACCORDANCE WITH ECONOMIC LAWS

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[Commentator's article]

[Text] In the past 5 years, a series of reforms have been carried out in the rural areas of our country, with the focus on establishing the family responsibility system with payment linked to output, and the situation becomes better and better with each passing year. Agricultural production has been increased consistently in a big way, and the strained conditions in the supply of major agricultural products have been greatly improved; the income of the peasants is being continuously increased, and their lives greatly improved; and the broad masses and cadres in the rural areas have opened up more channels in their production, their enthusiasm in developing commodity production has been raised unprecedentedly, and the development of commodity production in the countryside is gaining momentum. As the rural areas, with 800 million people, become stable, the political situation of stabilization and unity throughout the country is further consolidated. As our agriculture improves itself, more and more food, industrial materials, and manpower are provided for the cities and industrial construction, and the capacity of the rural markets is increasingly expanded. Thus, the construction of our socialist modernization is ensured. This good situation, in which industry and agriculture, as well as the cities and the rural areas, promote each other and develop together, enriches and deepens our understanding of the theory that agriculture is the basis of the national economy.

However, it should be noted that in the shift of rural production toward a commodity economy, there still exist various kinds of incongruities. For example, agricultural production is not in line with the requirements of social consumption, quantities of products are increased without attaining high quality and comprehensive variety, the circulation of commodities is not satisfactory, the deployment of production and the structure of industries are irrational, the development of some regions is slow, and so on and so forth. All this proves that there are defects in the management system of our rural economy, and that reforms should be continuously conducted. With regard to the reform of the economic structure as a whole, the reform of the pricing system is the key link. The rationalization of

prices will promote the readjustment of the structure of industries, smooth the channels of circulation, facilitate the rationalization of the structure of consumption, and be beneficial to technological progress and enhancement of social economic results. Our reform of the economic system of "everyone eating from the same big pot" started from the rural areas, and the reform of the pricing system should also start with the rural areas. This is because bumper harvests have been recorded successively in past years, agricultural products are abundant, and suitable conditions exist for the reform. Consequently, the pace of reform of the pricing system in rural areas can be faster. Just as Premier Zhao Ziyang pointed out, it is necessary to gradually abolish the system of state monopoly in the purchase and sales of agricultural products which has been practiced for the last 30-odd years. The policy on agricultural and sideline products should be gradually relaxed. Market regulation should be expanded under the guidance of the state plan. At the same time, the state should actively take part in the market regulation. This will be the second major reform in the rural areas since the implementation of the responsibility system with payment linked to output 5 years ago. This reform is of great significance in terms of the promotion of the rationalization of agriculture, the enlivening of the rural economy, and the reform of our economic structure as a whole.

For a long time in the past, we practiced state monopoly in the purchase of major agricultural and sideline products. Under the condition that the agricultural and sideline products were in short supply, the state was able to grasp the major portion of these products by means of procurement, which was beneficial to the rational planned arrangement of the country's construction and the people's livelihood. In the past, it played the active role of ensuring supply and supporting construction. However, with the development of production, its defects became increasingly manifest. First, the types and quantities procured by the state fell under the category of the mandatory plan which had to be complied with, the purchase prices were often lower than the market prices, and the peasants had to sell their products at low prices to provide funds for the state's construction. In order to balance this burden, it was necessary for every production unit to shoulder a certain portion of the task of state procurement, which restricted the decisionmaking power in production of the peasants and their cooperative economic organizations as producers and operators of commodities, dampened their initiative in arranging production in accordance with their own characteristics, strong points, and market needs, and affected the rational deployment of rural production and the peasants' efforts toward specialization. Second, state procurement weakened the connection between the peasants and the market. Because they sold their products directly to the state according to stipulated prices, they did not have to care about the aspects of selling and competition, or about the realization of the value of products. As the value of products was not calculated through the market, the traditional concept of the natural economy of the rural areas was maintained without change, and there was little motivation regarding ideas of improvement of technology, rational investment, and seeking economic results. At the same time, the state-procured commodities were basically marketed solely by state-run commerce, and the channels of circulation were all vertical, thus inhibiting the circulation of commodities between regions



and within the rural areas and inhibiting the development of commodity production in rural areas. Third, while practicing state procurement in the countryside, unified sales and rationed supplies of agricultural and sideline products were practiced toward the inhabitants of cities, towns, and industrial and mining areas. The consumers took whatever varieties and quantities the state provided, and they had little room to make their own choice. Thus, the feedback from consumption and the market to production was extremely weak. Consequently, mediocre commodities became more prevalent, and the price differences for rationed goods in terms of variety and quality were almost nonexistent. This was one of the important reasons for the poor quality and lack of variety of some agricultural and sideline products. As for the troubles suffered by consumers and caused by those complicated and varied tickets and cards, people were tired of having to cope with them. Fourth, the prices of products under centralized purchase and sales were comparatively fixed, which could hardly reflect changes in conditions in production and the relation between supply and demand in the market, and prices were often tipped to the low side. This distorted price structure made it hard to conduct economic evaluation and to check economic results in terms of various links such as production, operation, and consumption (including consumption in production and consumption by individuals). Some backward enterprises sustained heavy losses due to bad management and serious waste, but they showed a balance in their favor in their accounts through the use of cheap agricultural and sideline products as raw materials. Fifth, as state procurement was practiced for a long period of time, some products were bought by the state solely as a matter of obligation, regardless of what the peasants grew and what quantity the peasants produced, which gave the peasants erroneous signals very harmful to the readjustment of the structure of various production sectors in rural areas. In particular, after the state raised purchase prices, selling prices often remained the same, so that the standard of living of the consumers could be maintained, thus creating a situation in which selling prices were lower than purchase prices. The losses involved were subsidized by the financial authorities. In this way, the better the harvest, the heavier the financial burden would be. In addition, the warehouses were unable to accommodate the increased commodities, and the capital and funds were not used effectively and flexibly, resulting in an increasingly passive situation. Therefore, relaxing the policy toward agricultural and sideline products, effecting market regulation, and letting the peasants carry out their production in line with the needs of society will certainly enliven the rural economy further, promote the rationalization of the structure of various production sectors in rural areas, and expedite the development of the commodity economy.

The decision of the 3d Plenary Session of the 12th CPC Central Committee points out: The socialist economy is a planned commodity economy on the basis of the system of public ownership. This is a new theory which is put forth after summing up the experiences of socialist practice, and is the deepening and development of the understanding of our party regarding the characteristics of the socialist economy. If the measures and steps of reform (price reform, relaxing the control of agricultural and sideline products, expanding market regulation, and so on) to be currently adopted by us are viewed from the general system of developing a planned commodity

economy, the content and significance of these measures will become more evident. Our rural production is shifting to operate on the path of a planned commodity economy, which is a very profound change. The production of the peasants will be shifted from production in line with state plans to production in line with market needs, and the planned management by the state of agriculture will be shifted from mainly depending on administrative leadership to mainly depending on economic means. We must accommodate ourselves to this change, and organize all rural economic activities in accordance with the requirements of the commodity economy. Commodity production is production which is carried on for exchange and marketing. The law of value is the fundamental law of commodity production, which possesses the function of urging producers to lower labor consumption in production and to orient their production to meeting the needs of society. If peasants are to sell their own products, they have to take into consideration the process of calculation of society. Society acknowledges only the necessary social labor time which is consumed in producing each commodity. When the individual labor time of a producer in producing commodities is equal to the necessary social labor time, his labor consumption can be compensated for; if the former is more than the latter, he will sustain certain losses; and if the former is less than the latter, he will be able to get some extra income in addition to compensation for his own labor consumption. Therefore, the producers of commodities must not only be diligent in production, but also good at operation, adopting advanced technology and lowering production costs, so that they can obtain good economic results. The production of every commodity producer relies on social consumption. If the commodity he produces is suited to social needs, all his labor will be acknowledged by society, as manifested in the fact that his commodity is suited to demand, thus attaining good sales. If the commodity he produces exceeds the needs of society, his labor will be acknowledged by society only in part, and some of the commodity will be incapable of being sold, resulting in reduction of the selling price or the sustaining of a loss. If what he produces is urgently needed in the market, the labor acknowledged by society will be greater than the labor he provides, and he will thereby obtain greater income by selling at favorable prices. Hence, commodity producers should learn to conduct their production in line with market needs. The needs of the market are often changeable, and the types, quantities, and quality of products should sensitively reflect these changes. Of course, when commodity production is developed extensively and the scope of market regulation is expanded, a certain degree of blindness is bound to occur. Therefore, the state should participate in the regulation of the market. For example, after the policy toward grain is relaxed, the state may purchase the larger portion of the total at preferential prices, and the peasants are allowed to sell the rest on the market freely; if the selling price is too low on the market, the state may purchase the grain at protective prices, lest cheap grain should harm the interests of the peasants; when necessary, the state can sell the grain to maintain the selling price at a certain level, so as to prevent drastic fluctuations on the market because of the blindness in market regulation. In this way, both the interests of the producers and the interests of the consumers are protected. Because the state possesses various means in terms of law, administration, and economics (including pricing, taxation, interests, and other economic

levers) and is in a position to effect vigorous regulation of the market, it will place the market mechanism under the macroscopic regulation of the state. In short, our economic work in rural areas should be conducted in two ways: One is to act in accordance with the requirements of the development of commodity production, and the other is to effect regulation by the state. In this way, the rural economy will be enlivened, and, at the same time, serious blindness can also be avoided.

At present, all of us are very much concerned about the readjustment of the structure of various production sectors in rural areas, as it is a matter of vital importance concerning the overall development of the rural economy. In the past, we implemented "taking grain as the key link," with the result that production was unitary and the overall arrangement was irrational. After several years of readjustment and implementation of the principle of overall development for agriculture, forestry, animal husbandry, sideline production, and fishery, and of comprehensive operation of agriculture, industry, and commerce, the general situation has been considerably improved. Important results have been achieved in respect of grain, cotton, and oil; some development has been achieved in respect of fishery, animal husbandry, and forestry, but they are still our weak points in the rural economy at present because of a poor foundation; township and town enterprises have developed satisfactorily, but the processing industry for agricultural and sideline products, as well as tertiary industry, are still very weak; the intellectual development in rural areas, the construction of small cities and towns, energy resources and communications, and other fundamental facilities are still unsuited to the development of production; and the overall arrangements in production are still not rational enough, many localities fail to rationally arrange their industries in accordance with local characteristics and the needs of the market, and some places have been slow in changing their poor conditions. This situation shows that it is still a very arduous task before us to change the structure of various production sectors in our rural areas from one with the planting undertaking as the core to one with the overall development of agriculture, forestry, animal husbandry, sideline production, and fishery, from one with the operation of agriculture as the core to one with comprehensive operations of agriculture, industry, and commerce, from one with the production of primary products as the core to one with intensive processing and comprehensive utilization, and from one of self-sufficient and semi-self-sufficient economy to one of relatively developed commodity economy.

Reforming the rural industrial structure is the objective requirement of the development of our rural economy, and is also the ardent desire of the broad masses and cadres. The reasons for the slow progress in some places are manifold. For example, some slopes in mountainous areas are not suitable for growing grain and they should be transformed into land for developing forestry and animal husbandry, so as to use the advantageous aspects of the land, but in fact, the authorities and people there lack the necessary conditions to effect this change; some suburbs of cities and some rural areas near the open cities want to change their structure, but they are not in a position to do so because of the established system; some places with concentrated production of grain have an ample supply of grain but lack a



sufficient supply of meat, and these places find it hard to develop a food processing industry and the raising of pigs, cattle, or sheep because of problems in terms of prices and so on. Now a favorable situation is emerging: First, the central authorities have decided to continue to reform the management system of the rural economy, including the system of state monopoly in purchase and sales, of pricing, and so on, which will clear away some obstacles to readjustment and increase the vitality of utilizing the mechanism of commodity economy to regulate the structure of various production sectors; second, there is plenty of grain and cotton in many places, which, together with a surplus work force and capital in some places, will provide good conditions for readjustment; and third, in line with the characteristics of the mountainous areas, the areas with concentrated production of grain and cotton, the suburbs of cities, coastal areas, the hinterland, and the border areas, the central authorities have further set forth principles and measures concerning the rational readjustment of the industrial structure and the policy on various production undertakings, as well as a series of concrete policies on developing communications, further expanding the exchanges between cities and rural areas, and strengthening guidance on the construction of small cities and towns. All this will speed up the pace of reforming the industrial structure in our rural areas. We believe that, with the reform of the system of purchase and sales for agricultural products and the rationalization of the structure of various production sectors in the rural areas, the natural resources and rich labor resources in our large territory will be fully and rationally utilized; and the countryside will continuously provide rich and varied products and materials to satisfy the needs of the development of industry and of the people's livelihood in the cities and the countryside. Our rural areas will be gradually built into a new modern socialist countryside with civilization and affluence.

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## DEVELOPING THE FOOD INDUSTRY IS A MATTER OF GREAT IMPORTANCE

Beijing RED FLAG in Chinese No 2, 16 Jan 85 pp 17-18

[Article by Jing Ping [2529 1627]]

[Text] Following the development of production in our country and the improvement in the standard of living of the people, the food industry will have wide prospects and will thrive. This is a natural development.

The foundation of our food industry is extremely weak. Before liberation, our country was a society with a small rural economy which occupied an absolutely predominant position. For a prolonged period, each household had its own kitchen and the food industry was like a blank piece of paper. Following the establishment of the PRC, the food industry has made definite development, but has also traveled a rather tortuous path. During the First 5-Year Plan period, the food industry developed rather speedily, achieving an annual growth rate of 13.2 percent. From 1958 to 1978, its progress was slow and its annual growth rate then was only 4.7 percent. This was accompanied by a rather tense situation in food supply. The fundamental reason may be traced to the prolonged one-sided emphasis on the importance of developing heavy industry. Since the 3d Plenary Session of the 11th CPC Central Committee, following the readjustment of the national economy, there has been a yearly increase in agricultural production, the food industry has seen new development, and from 1979 to 1982 its annual growth rate was 10.4 percent. In 1982, the gross value of the output of the food industry was over 70 billion yuan, accounting for 13.5 percent of the gross output value of industry and occupying third place among the industrial departments. Nevertheless, the food industry has continued to be a weak link in the national economy. Its output value is less than 30 percent of the gross value of agricultural output, while products of the industry make up only around 30 percent of the gross volume of food consumption. On the other hand, in certain industrially developed countries, the output value of the food industry is usually larger than the output value of agriculture, and the relative space occupied by products of the food industry is roughly 80 percent of the gross volume of food consumption. Our scanty output volume of industrial foods is composed of few and simple varieties which are not at all high in quality and are far from meeting the demands for the improvement in the standard of living of the people. They are also unsuitable for the new situation of the development of production in our country.

"People depend heavily on food." Developing the food industry is truly a matter of great importance to our population of 1 billion people. Following the development of the national economy, the income of the people will gradually increase. They not only want to fill their stomachs, but also insist on having food of good quality. Consequently, the demand for food in the cities and the countryside of the whole country will certainly greatly increase. People will feel it a great burden to have to spend a great deal of time every day to line up to buy food and to have to cook their meals. The situation may be well described as "tense in the morning, fighting in midday, and completely exhausted in the evening." The development of the food industry can gradually liberate the staff members and workers, particularly women, from heavy work in the kitchen. With our population of 1 billion people, and with the kitchen per household, it means that each day 100 million work days will be spent on cooking meals and each year coal consumption for cooking alone will amount to some 120 million tons. If we can speed up the development of the food industry, produce various kinds of basic foods and other foods, make household work become socialized, increase the varieties of food and make them more readily available, more hygienic, and richer in nutrition, then we can not only better solve the people's meal problem but can lighten people's household tasks, save valuable time, economize labor, achieve savings in food resources and energy, and increase social employment. In addition, the rapid development of the tourism trade in our country likewise demands the development of the food industry in order to meet the demands of the large number of tourists both inside the country and abroad.

The food industry is a department reputed for its low consumption of energy, low capital investment, high rate of employment, and high rate of accumulations. According to 1981 statistics, the average energy consumption per every 100 million yuan of gross value of the food industry was only 26,900 tons of fuel, equivalent to about one-third of the average energy consumption of the industry as a whole. The net value of the fixed assets of a company of the food industry under the Bureau of Light Industry in Tianjin municipality was only 50.84 million yuan, but in 1983, its delivery of profits and taxes to the government amounted to 52.54 million yuan. In Beijing, the production of "quick-cooking noodles" averaged 50,000 bags a day, and it is estimated that the total amount of investments can be recovered in 8 months. In Xinjiang, the Uygur Autonomous Region actively utilized its superiority in resources and devoted great efforts to developing a food industry possessing special characteristics of the region. In 1983, the gross output value of its food industry amounted to 1.16 billion yuan, doubling that of 1979 and making the food industry second only to the crude oil industry in gross output value. As a matter of fact, the development of the food industry can accommodate even more manpower, which is beneficial to social stability and solidarity. The food industry requires many industries and trades to support it and to provide it with the needed machinery and accessories. Its development leads to the development of other industries. The food industry will certainly become one of the important pillars of our national economy.

Development of the food industry leads to and facilitates agricultural development and is, in fact, a continuation of agricultural production. Since the 3d Plenary Session of the 11th CPC Central Committee, a pleasing situation has evolved in our countryside which relies on state policies and on science. With the development of crude processing and precision processing, the value of grain and other agricultural and sideline products can increase tremendously. This both benefits the producers and better meets the demands of consumers. Unfortunately, in our countryside at present, a large quantity of grain and other agricultural and sideline products cannot get the necessary processing, enormous waste has been caused, and the state has had to bear the burden of providing a large amount of subsidies. According to estimates made by the relevant departments, as a result of the inability to process on time grain, fruit, vegetables, eggs, aquatic products, and other agricultural sideline products, the losses incurred every year have amounted to at least several billion yuan. Only by vigorously developing the food industry will it be possible to fully and rationally utilize grain and other agricultural and sideline products, and thus reduce losses and financial subsidies, improve the economic value of grain and other agricultural and sideline products, promote the development of the commodity economy in the countryside, and facilitate the benign circulation of agricultural production and its all-round development and growth. The production structure of agriculture in our country is currently evolving from a unitary type of plantation trade to diversified operations and is currently confronted with a transformation from only handling grain and other agricultural and sideline products to the vigorous development of various kinds of processing industries. This new transformation will open up a broad road for developing the food industry in both urban and rural areas.

The food industry is a product of the progress of science and technology. During the 35 years since the establishment of the PRC, the industry of our country has achieved rather great development. It is now capable of providing the necessary equipment, materials, and technology for developing the food industry. At the same time, it is entirely possible to introduce from abroad certain advanced equipment and advanced techniques, thus facilitating the further improvement of the production level of the food industry. Since liberation, science and technology in our country have developed rather quickly, achieving many important results. Science and technology have played, and will continue to play, an important role in developing the food industry. From now on, the major aspects of scientific research in the food industry will be studying the technology of living things, the fermentation process, the enzyme process and its application to the food industry; studying the technology of the storage, transportation, and keeping fresh of the raw materials and finished products of the food industry; studying the processing techniques and the expanded usage and application of the basic raw materials of the food industry; consolidating and improving the production of traditional foods; studying and developing table-ready foods with special Chinese characteristics; studying and developing methods for strengthening and adding to the nutrition value of foods; studying the advanced methods, machines, and equipment for food processing; studying the application in the food industry of new technology, such as microwaves, and

so forth; and studying and using new types of food packing materials and packing containers. In the case of big and important scientific and research problems, it is necessary to combine efforts from all sides to tackle them and to strengthen scientific and technological exchanges both within the country and with the outside. It is also necessary to speed up transforming the results of scientific and technological research into actual productive forces, thus promoting the development of the food industry.

In recent years, development of the food industry in the rural villages in our country has progressed rather rapidly. In 1983, the gross output value of the food industry in the rural villages in our country amounted to 6.71 billion yuan, an increase of 350 percent over 1979. Developing the food industry in the rural villages and towns has many advantages. The raw materials can be processed locally and the great proportion of the products can be marketed locally. The transportation links can be reduced and the production cost can be reduced. Jobs can be made available to surplus labor in the rural areas and the peasants' income can be augmented. It is also possible to promote the building of small towns in the rural areas. We must vigorously develop the food industry, including the food industry in the rural villages, improve the quality of the food, increase their varieties and, at the same time, reduce the production costs. We must strive to bring good and inexpensive food products to the hands of the consumers, gradually satisfy the demand for food on the part of the extensive masses of people, and make them healthy and strong in body and soul so as to make more contributions to the socialist modernization program.

## A SOCIALIST PATENT LAW WITH CHINESE CHARACTERISTICS

Beijing RED FLAG in Chinese No 2, 16 Jan 85 pp 19-22

[Article by Gu Ming [7357 2494]]

[Text] The "Patent Law of the People's Republic of China" was deliberated on and adopted by the Fourth Session of the Standing Committee of the Sixth NPC. It was promulgated by the state president on 12 March 1984 and will come into effect on 1 April 1985. A socialist patent law with Chinese characteristics has come into being.

### I

What actually are the Chinese characteristics which our patent law possesses? If we sum them up, they are as follows:

First, the law proceeds from China's actual conditions and mainly depends on our nation's vast number of technicians and masses of workers to invent and create. Our country has a vast area and huge natural resources and there is a definite base for industrial and agricultural production, and for science and technology. We have a population of 1 billion and along with this great population we have great amounts of talent and wisdom. We have a long history and cultural tradition and are at present carrying out the four modernizations. There are thus great prospects for invention and creation. The second article of the patent law stipulates: "In this law, 'inventions-creations' means inventions, utility models and designs." The patent law concurrently sets down three types of patents, which take into consideration China's national conditions and actual needs. Utility models and designs are minor inventions and creations and are important avenues for increasing varieties, designs, and types. They also have especially great significance in promoting the development of light industry, the textile and chemical industries, the daily-use products industry and the foodstuffs industry, and in satisfying the daily increasing needs of the people. Often utility models and designs are not paid much attention by people. Sometimes people rack their brains to create new designs or new patterns and then other people simply photograph them and produce copies. This is not rational and does not conform with socialist ethics. If we use a patent law to protect them this will encourage the vast numbers of technicians and the masses to strive to create new things and produce new products and new patterns so as to



enrich the markets and increase our export competitiveness. Our nation's patent law has taken the experience which has been accumulated on the international level over a long period in regard to the three types of patents and has stipulated this in a law. This is of benefit in fully bringing into play the masses' enthusiasm, in expanding and increasing technical innovation and in promoting the development of science and technology and the propagation and application of inventions and creations.

Second, it safeguards national interests and abides by international conventions. One of the major aims in establishing a patent system is to attract advanced foreign technology and to encourage foreigners to come and invest in our country. In order to encourage and attract foreigners to bring their inventions to China and apply for patents, our patent law stipulates that a foreign patent holder can enjoy patent rights in China in regard to those inventions-creations for which he has obtained patents in China. In order to protect our nation's sovereignty and interests, the patent law also stipulates that when a foreigner applies for a patent in China, the application will be handled in accordance with law, and in accordance with any agreement which has been signed between the country to which he belongs and China, or any international treaty to which both countries are party, or on the basis of the principle of reciprocity. It also stipulates that any foreigner who obtains a patent in China has the obligation to make the patented product or use the patented process in China, or otherwise to authorize other persons to do so. It is not permissible to replace production of the products in China by exports of the products to China.

Domestically, our patent law stipulates that for inventions or creations made by people while working in positions in units owned by the whole people, the patent right will be held by the unit. As for inventions and creations made by people while working in positions within units which are collectively owned, the patent right will be collectively owned. The patent right for other inventions and creations will be owned by the individuals. It also stipulates that no one can use a patent right without the authorization of the patent holder. After the patent holder's authorization has been obtained, it is permitted to draw up a written contract and carry out compensatory utilization. The stipulation in regard to inventions or creations made by people while in positions within units owned by the whole people is made because, while patents owned by the whole people are owned by the state, allowing the unit to hold the patent and carry out compensatory transfer allows the units to obtain benefits. This is of benefit in encouraging and motivating the enthusiasm of the units for invention and creation. On this point, the provisions of the law are different from the situation existing in capitalist countries and also from that existing in the Soviet Union and in some East European countries. As regards to the inventions by staff of capitalist enterprises, the patent right is owned by the capitalist. The Soviet Union and some East European countries stipulate that the state owns all patent rights and the inventor is only given an inventor's certificate.

Third, it is aimed at encouraging the advanced and spurring on the backward. Our nation's patent law also stipulates that the entity owning or holding the patent right shall award the inventor or creator in accordance with his contribution and based on the invention-creation's significance, the extent to which it is spread and applied, and the economic results yielded. This stipulation is intended to motivate the enthusiasm of the technicians and masses of workers in enterprises owned by the whole people or collectively owned. Regardless of whether it is technicians and the masses of workers of enterprises owned by the whole people, or those of collectively owned enterprises, all have advantageous conditions for being able to use their positions to invent things. However, some people invent and create while others do not. Some make great contributions while the contributions of others are small. These people should all be treated differently in accordance with their different situations. Those whose contribution is great should be rewarded greatly while those whose contribution is small should receive a small reward. Those who do not make any contribution should not be rewarded. This not only implements the principle of reward according to work, but is an incentive and a spur to the vast number of cadres, technicians, and workers.

Fourth, the state has the right to spread and apply inventions, according to law, so that they are of benefit to the people. In regard to any invention-creation which is in need of spreading and application or which is of great significance to the interests of the state or the public interest, regardless of whether the patent is held by a unit owned by the whole people, or is owned by a collectively owned unit or a Chinese citizen, the relevant departments of the State Council and the people's governments of provinces, autonomous regions, and directly administered cities, have the power to decide, in accordance with the state plan, that other units can use the patent and, after approval by the State Council at the solicitation of its relevant departments, can spread and apply the patents. The exploiting units shall pay, in accordance with the prescription of the state, a fee for exploitation to the unit or individual which holds or owns the patent right. In this way, the law reflects equally the rights of the state and of the people, and also takes into account the interests of the units, collectives, and individuals.

## II

Why must our country establish a patent system, and promulgate and implement a patent law?

The patent system was established by the Western bourgeoisie and was the product of a commodity economy which was highly developed and had reached a certain stage. Marx and Engels in the "Manifesto of the Communist Party" said: "The bourgeoisie has stripped of its halo every occupation hitherto honored and looked up to with reverent awe. It has converted the physician, the lawyer, the priest, the poet, and the man of science into its paid wage-laborers." Of course, engineers and inventors were not excluded. The bourgeoisie took the results of mental labor--scientific and technical inventions and creations--and made them commodities, to be freely traded



like other commodities. In trade competition between capitalists new discoveries were a powerful competitive measure. The application of new technology allowed capitalist enterprises to reduce their costs, raise quality, expand sales avenues, defeat opponents and achieve super-profits. They were a money-spinner for the bourgeoisie. Competition between capitalist enterprises put forward an intense demand that they do their best to monopolize the rights to new technical inventions. This then is the history of the production of patent systems in the West. When the patent system had just been established, there was only registration and there was no investigation of the essentials. To guard against indiscriminate use of patent rights, from the 1830's the U.S., German, and English patent laws successively stipulated systems for examining whether components were new and original. By the beginning of the 20th century, most of the industrially developed countries had adopted these examination systems. In 1883, the "Paris Treaty on Protecting Industrial Proper Rights" was concluded. In 1970, the International Intellectual Property Rights Organization was set up. Today, 158 of the world's countries and regions have already promulgated and implemented patent laws.

Our nation is a socialist one where the means of production are under public ownership. The main reasons we must promulgate and implement a patent law are as follows:

First, in a socialist society, on the basis of socialist public ownership, there still exists commodity production and commodity exchange. Scientific and technical inventions and creations--intellectual achievements--are also special sorts of commodities.

Second, the protection of invention-creation patent rights, regardless of whether they are of inventions by staff of units owned by the whole people or collectively owned units, or of inventions by individuals, the implementation of material rewards and the permitting of compensatory transfer are all of benefit in better implementing the economic and technical responsibility systems, in opposing egalitarianism, in smashing "the big pot" and in implementing the principle of reward in accordance with work. A socialist society has no exploitative systems and thus the amounts paid as rewards in guarding inventions and creations cannot become capital, much less give rise to capitalism. This is the basic difference between a socialist patent law and a capitalist patent law.

Third, the system of patents has been universally accepted throughout the countries of the world. Since we implemented the policy of opening to the outside world, we have established and developed economic and trade relations with over 160 countries and regions. If we wish to participate in international trade, we must abide by the necessary common rules. If one wishes to attract advanced foreign technology but does not have a patent law, the foreign patent owners will not be at ease. They will be afraid that you will arbitrarily transfer, copy, and infringe upon the advanced and important patents. Thus, they will not supply you with the technology. Therefore, if patent rights are not guaranteed, it will not be beneficial to implementing the policy of opening to the outside world.

Fourth, we already participate in the World Intellectual Property Organization. If we do not establish a patent system, it will not be beneficial to stabilizing our country's position and role in this international organization. Participation in this international organization and having an understanding of the situation in regard to the tremendous number of patents and inventions in the world, is extremely necessary for the further development of our nation's science and technology.

Fifth, our nation's inventions and creations which have been made on the basis of self-reliance urgently require the protection of the state. At present, our country is carrying out the four modernizations on a large scale. In the practice of construction, it is necessary to bring talented people forward in large numbers, and to have technical inventions and creations made on a continuing basis. Our nation has already made some scientific and technical inventions and creations which have been recognized throughout the world, and for these we have obtained foreign patent rights. We must in a timely way protect our own patents so that we can carry out technical exchange on the basis of equality between nations.

Sixth, modern science and technology can no longer be monopolized by a few advanced countries, and is increasingly becoming wealth commonly created by many countries. In the last 200 years over 26.5 million patents have become invalid. Those patents still in force number 3.5 million and every year there are about 500,000 patents for new discoveries. If we wish to achieve the four modernizations, we must gear ourselves toward the mighty torrent of inventions and creations in the world. We should pay attention to the scientific and technical achievements and, through the implementation of patents, allow our nation to utilize and spread these achievements.

### III

If we are to establish a new situation of socialist modernization, we must have the world in view and must sum up the experiences of the world's countries and of our own country in using patented technology.

In the last 200 years, the various countries of the world, in using patented technology, have obtained great experience in emulation and competition and in success and failure. For example, Germany, France and the United States once lagged behind England. It will be greatly beneficial to our country to seriously study the experiences of the countries of the world in using and attracting advanced technology and in speeding the realization of national economic modernization. It is especially important for us to study and sum up Japan's rapid modernization through the use and importation of advanced technology since the war, and their success in overtaking the world's advanced levels. Japan's economy suffered serious setbacks during World War II. After the war, the technology in Japan's industrial sector was very outmoded. Its technology was about 20 to 30 years behind that of the United States. Postwar Japan thus began to import technology and in the 28 years from 1950 to 1978, it imported 29,599 items of new foreign technology, for which it paid \$7.66 billion in foreign exchange. For imported technology and complete sets of equipment, it paid over \$10 billion

in foreign exchange. Domestically, about \$30 billion was paid in spreading and studying the imported technology. In addition, Japan organized 2,000 joint ventures with the United States and through these joint ventures imported the newest technology which it could not obtain through normal channels. If we analyze this further, the results of Japan's use of patented technology can be seen more clearly. From 1955 to the end of the 1960's, 13,229 patent licenses were purchased at a cost of \$2.15 billion. A total of \$6 billion was spent on spreading and researching this technology. However, foreign countries at this time spent directly and indirectly an estimated \$180 billion to \$200 billion on scientific research and design for these patented inventions. In these 15 years, 32 percent of the growth in industrial output value came from imported technology, and this portion of the output value was 10 times the amount expended on importing technology. More important was that Japan, through the import of technology, mastered nearly all of the new technology invented throughout the world in the previous 50 years. This resulted in Japan gaining about 30 years of progress. Since the war, Japan, through importing patented technology, digesting and improving it and adding its own inventions and creations, has cast off its unfavorable situation of the postwar period when technology was backward and the economy poor. By the end of the 1970's, it had leaped forward to become an economically and technologically great country and in many aspects, it had caught up with or surpassed the United States and the Federal Republic of Germany, which were the world's most technically advanced nations. We cannot say that Japan's success was entirely based on imported technology. There were other beneficial conditions both domestically and internationally. However, importing technology was a major facet of the success, and it is this factor which is capable of reducing the differences between the technologically and economically backward nations and the advanced nations. Today, regardless of whether we speak of our political, economic, scientific and technical, natural resources or international conditions, we are in a much better position than Japan was after the war. However, we must recognize the differences, like the present advantageous conditions of the new technical revolution, and better link up self-reliance with importing advanced technology. By these means, we must strive by the end of this century, to achieve parity or to surpass the advanced world standards in conventional technology and in several aspects of sophisticated technology. This is an important strategic task.

During the "Cultural Revolution," the "gang of four" engaged in a vigorous policy of closing the country to international intercourse, and slandered the importation of technology as a "slave comprador philosophy" and "national betrayal." Jiang Qing concocted the "escargot incident" to oppose the project to import color kinescopes. She forced the leading comrades and technicians of the relevant departments to "guarantee that within 3 years we could build and produce color kinescopes and color televisions." This resulted in great amounts of national funds being wasted, and the waste of a lot of time. After the "gang of four" was overthrown we again imported technology and then produced color televisions of an internationally advanced standard.

In the last 30 years, we have not paid sufficient attention to patented technology and have thus spent large amounts of foreign exchange on buying foreign products. For example, we have spent several billion dollars in buying large numbers of vehicles. But even now, we are still unable to produce Chinese sedans or large-tonnage heavy-duty vehicles which meet international standards. If we purchased the patented technology, within 2 or 3 years, or 4 or 5 years at the most, we would be able to produce products of a relatively advanced standard. Also, in the past, our nation imported many complete sets of equipment, but we did not pay attention to purchasing patent licenses. According to our experience, using advanced technology to produce these complete sets of equipment would have been one-half or two-thirds cheaper than the cost of importing them.

As a technologically backward country, it is rational for us to import some necessary sets of equipment. The "156 sets" of complete equipment which our nation imported in the 1950's played an important role in economic construction. In the middle of the 1970's, in compliance with Premier Zhou Enlai's directive and with the State Council's approval, we formulated a "\$4.3 billion importation program." Complete sets of equipment imported included 13 sets of equipment each capable of producing 300,000 tons of synthetic ammonia. They have since produced tens of millions of tons of urea. At the same time, we imported a set of chemical fiber and plastics equipment, increasing our capacity to produce chemical fiber and plastics by over a million tons. This was greatly effective in laying a base for our country in the petrochemical industry. However, following the establishment and progress of our nation's industrial, and scientific and technological base we must change from importing complete sets of equipment to purchasing patents and blueprints, and produce the equipment and products ourselves. In striving to make up time, under the precondition of raising economic results, it is permissible to import a certain number of necessary, complete sets of equipment while also purchasing patents.

We often say, "What other countries have, we need, and what other countries lack we need also." This is entirely correct. The crux of the problem lies in taking advantage of the current fine international and domestic situation and striving to make up time in achieving the four modernizations, increasing our nation's defense strength and economic strength and satisfying the people's material and cultural needs. Our aim in promulgating and implementing the patent law is first to encourage self-reliance among our 1 billion people so that they will set to work to invent and create. However, at the same time, it is also beneficial to the import of advanced foreign technology, to the development of foreign technological interflow, and in the promotion of self-reliance. For our socialist nation, self-reliance is a long-term principle. We can never be subject to the "bestowing of charity" by other countries. Thus, in building the four modernizations, we can only rely on our own strengths and act according to our own capabilities. However, self-reliance certainly does not mean closing the country to international intercourse. Looking back to the past, in the 1950's we put forward the slogan of "small, indigenous, and of a mass nature," and organized on a large scale small iron and steel operations, and small chemical and industrial operations. We paid our time

amounts and followed a winding path. All of these actions were divorced from technical progress, were not concerned with economic results, and were carried out rashly in accordance with "human sea military tactics." This sort of action can only hinder self-reliance, not promote it, and is unable to achieve the four modernizations. Thus, we must use the present beneficial international and domestic situation, and actively encourage the people of our nation to invent and create. We must also actively use and import foreign funds, advanced patented technology, and advanced management experiences, and learn how to combine these with original creation. If we combine the purchase of patented technology with the tackling of key problems, we will be able to make up time, promote self-reliance and work hard to catch up with and surpass the world's advanced levels.

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## ON RATIONAL UTILIZATION OF NATURAL RESOURCES

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[Article by Shi Shan [4258 1472], Li Wenhua [2621 2429 5478], Li Songhua [2621 2646 5478], Shen Changjiang [3088 7022 3068], and Yang Tingxiu [2799 2185 4423]]

[Text] There are three prerequisites for developing agricultural production in our country: First, it is necessary to control the growth rate of population; second, it is necessary to rationally use natural resources; and third, it is necessary to maintain a good ecological environment. This article will discuss certain problems concerning the rational use of natural resources.

### Summary of History

In the prolonged history of mankind's social development, as a result of the irrational use of natural resources, of the world's three big birthplaces of civilization, two have already been irreparably destroyed and only one, the cradle of the Chinese race, has remained, this being the middle stretches of the Huang He. The reason the loess plateau has been able to maintain its position up to the present is that it has been richly endowed by nature, that is, its possession of a loess layer up to 200 to 300 meters thick. But the concurrent problems have also been rather serious. The loess layer has muddied not only the whole length of the river (Yellow River) but also a wide path of the high seas (Yellow Sea). In addition, it has brought about two vicious cycles: One is that in the middle stretches of the Huang He "the more the reclamation work the poorer the soil becomes; and the poorer the soil, the more reclamation is needed," and the other is that with regard to the 1,000-li-long dike along the banks of the lower stretches of the Huang He "the more precipitous it becomes the higher it must be built and the higher it is built the more precipitous it becomes."

In the early stage of mankind's social structure, due to the low level of the forces of production, men were slaves of nature and mainly depended on the grace and favor of nature to survive. Subsequently, as a result of scientific and technological development, and improvement in the forces of production, man began to conquer nature, "declaring war on nature," and considered the realm of nature as his "territory" which possessed unlimited



resources. He relentlessly plundered these resources although at the same time, he suffered merciless punishment and revenge from mother nature. Endless sufferings and lessons have taught mankind to begin to awaken and gradually to understand that while man is the master of nature he is also a constituent part of the ecological system, and that in the relations between mankind and nature they should treat each other harmoniously and jointly seek development.

At present, mankind possesses not only an unprecedentedly powerful ability in construction and creation but also an equally enormous power of destruction and annihilation. The continuous growth in population and the continuous rise in mankind's level of needs have forced mankind, when developing natural resources, to adopt an attitude of caring only for interests of the moment. This "shortsightedness" has brought along a series of dangers and calamities. They include soil erosion, destruction of farmland, decline and fading of grassland, devastation of forests, land becoming barren and deserted, environmental pollution, damage to the ecological system, elimination or total disappearance of whole species, and so on. Destruction of this kind has the special characteristic of being worldwide in nature, but on the side of the development and protection of resources that can be renovated, the urgency of the problems we are confronted with is especially conspicuous. The reasons are:

1. A continuous expansion in the volume or quantity of demand. We have a population of 1 billion people. At present, our per capita consumption level is very low. For example, the per capita timber consumption a year is 0.05 cubic meters in our country whereas the world's average is 0.67 cubic meters per capita; the per capita consumption of water resources is 400-500 cubic meters in our country but is 2,370 cubic meters in the United States and 1,140 cubic meters in the Soviet Union; the per capita consumption of aquatic products is 9 jin in our country but 35 jin in the world; the per capita meat consumption is 22 jin in our country but 66 jin in the world; the per capita egg consumption is 4 jin in our country but 12 jin in the world; and the per capita milk consumption is 2 jin in our country whereas it is 220 jin in the world. This is to say, in our country, the hidden potential of the volume or quantity of demand for various kinds of resources is extremely high. In future, our consumption of natural resources will increase on a large scale.

2. The per capita division of resources is relatively small. Our country has been well-known in the world for possessing a "large territory, vast resources, and a huge population." "A large territory and vast resources" mean that the absolute quantity of the resources of our country is in the front ranks of the world. However, because of the huge population, division of the resources by the denominator of 1 billion people will yield a very small per capita amount of resources. For example, our gross land area ranks third in the world but the per capita average is only 14.4 mu, or only 29 percent of the world's per capita level of 49.5 mu; the area of cultivated land ranks fourth in the world, but the per capita average is only 1.5 mu, or only 27 percent of the world's per capita level of 5.5 mu; our area of grasslands ranks third in the world but the per capita average

is only 5.3 mu, or 46 percent of the world's average of 11.4 mu per capita; our forest area ranks eighth in the world, but the per capita average is just 1.3 mu, or only 12 percent of the world's average of 15.5 mu; our forest reserves rank fifth in the world, but the per capita average is only 9.5 cubic meters, or 15 percent of the world's average of 65 cubic meters; and the volume of water flow of the rivers and streams in our country ranks sixth in the world, but the per capita average is only 2,700 cubic meters or only 25 percent of the world's average of 11,000 cubic meters. In addition, in our country, arid and semiarid land makes up about 50 percent of the territory while mountainous and plateau areas account for two-thirds of the area of our country's territory. Of the 1.5 billion mu of cultivated land in the country, various kinds of low-yield fields amount to 540 million mu, or 36 percent of the total. Naturally, because we have not yet made a full stocktaking of our resources, all the above are estimates only. For more precise figures, we have still to make a further survey.

3. The serious state of the ransacking and destruction of resources. Take for example the extent of soil erosion. In the early period of liberation, it was 1.16 million square kilometers; now it has developed to 1.5 million square kilometers, or roughly one-sixth of the country's territory. Each year the volume of soil which has eroded or drifted away has amounted to 5 billion tons, equivalent in nutrient content to the gross output of chemical fertilizers each year. Over the past several thousand years, in all, some 120,000 square kilometers of land had become barren and deserted but in the past 15 years 27,000 square kilometers are known to have become barren and deserted, not including a further area of some 158,000 square kilometers of land on the verge of becoming barren and deserted. The declining and fading of grasslands in the whole country has amounted to 770 million mu, or roughly 23 percent of the total grasslands available for use. Felling of trees in the forests is about 200 million cubic meters of timber a year. This exceeds by 25 percent the growth rate of trees in the forests, contributing to the formation of "red forest figures" year after year. The consequences would be unimaginable if this state of affairs were to continue.

Hence, many experts have pointed out: All of our agricultural, animal husbandry, subsidiary and fisheries industries and trades have been guilty in varying degrees of the problem of engaging in plundering-type operations, and have, in varying degrees, ransacked and destroyed natural resources. In winter 1982, leading comrades of the central government pointed out that, at present, if any problem arises in the countryside it will probably be related to damage to natural resources and the ecological balance and this damage will be of a fundamental nature. This was a warning signal for us. We should really treat the development and utilization of resources from a strategic angle, endeavoring not only to make natural resources sufficient to meet the needs of our generation but also to maintain the potentials of resources to meet the needs of the next generation and thereafter.

## Special Features of Resources

An understanding of the special features of resources is the first step in rationally using the resources. Generally speaking, the five principal special features of natural resources are:

First, the integrated nature of resources. Between one category of resources and another category of resources and between the various resources and environment, there exist relationships and mutual supervision and restriction, forming different levels and different sub-structures. The latter are again mutually related and mutually restricted, forming an organic whole. Changes in any one factor, in any one category of resources and in any one sub-structure will bring about changes in the whole system. For example, destruction of forests in the mountains will cause loss of the function of "flood prevention," cause changes in water runoff, add to the havoc of floods and drought on the plains, and affect regulation of the microclimate. Again for example, in certain irrigation areas in the north, there was heavy flooding of irrigation water but there were no drainage facilities. When subterranean water rose beyond the critical level, secondary salination resulted, thus damaging the growth of crops and literally converting the development of water resources from so-called water conservancy to water calamity. Moreover, take the case of soil erosion in the loess plateau. It has not only caused a low production level and poverty in the locality but also has adversely affected structures in the lower stretches of the river. The basic causes of floods, waterlogging, salination, and sandstorms in the Huang and Huai-Hai plains may be attributed to soil erosion in the loess plateau. Hence, treatment of the problems of the Huang and Huai-Hai plains is necessarily related to treatment of the problem of soil erosion in the loess plateau. Only thus can a fundamental remedy be found.

The integrated character of natural resources determines that the study and development of natural resources must be of a comprehensive character. Only through making a synthetic or comprehensive study of natural resources will it be possible to attain an overall understanding of natural resources, a rational utilization of natural resources, and a comprehensive development and rational protection of natural resources. This kind of comprehensiveness is a sort of horizontal comprehensiveness which bestrides natural sciences, technical sciences, and social sciences. It requires not only the union and the united efforts of specialists on the three sides of nature, technology, and economics but also the close union of the theories, methods, and tools of systematic science and systematic engineering.

Second, the location character of resources. The geographic distribution of various kinds of natural resources is generally governed by laws of a locality nature and the location character of resources composed of living things is especially conspicuous. The source of the faults of "trans-locality planting" and "all-round production" is the lack of this basic understanding. The special feature of the location character of natural resources determines that the development, protection, and multiplication of resources must follow the principle of suiting measures to local conditions.

Another significance implied in the special feature of location character is that it is outside the limitations of administrative demarcation. Thus, some lakes extend across several districts, counties, provinces and municipalities while some rivers flow through the territories of several countries, playing the role of resources of an international nature.

Third, the limited character of resources. As demand increases, resources become relatively scarce. In the past, due to the scanty population and the low level of the forces of production, the special feature of the limited character of resources was not at all obvious. In today's world, as a result of the growth in population and the sharp increase in demand, the special feature of the limited character of resources has become daily more important. For example, we may cite the scarcity of cultivated land, stringency in grain supply, shortage in water resources, and so on. The limited nature of resources is also demonstrated in the burden-carrying capacity of resources. Thus, given a definite quantity of resources, and under a definite level of the forces of production, only a definite number of people can subsist. Moreover, the limited character of resources is also demonstrated in the formation or framework of the structure. Any form of production represents the composition of various kinds of production factors and requires a rational structure of resources. Hence, despite the availability or abundance of various categories of resources, the shortage of certain resources will at once constitute an important limiting factor.

There are two measures to solve the problem of the limited nature of resources: The first is the multiplication of resources. In particular, for resources that can be renovated we must carry out intensive farming and raise the productivity rate of the soil. The second is to practice economy and to use substitutes, improving the conversion rate of resources that can be renovated. It is necessary for both of the above to depend on progress in science and technology. Hence in certain respects, science and technology can make up for the deficiency in resources.

Fourth, the changeable character of resources. Like all other things in the world, the ecological system of resources is forever in a state of ceaseless motion and change. These changes include those arising and developing from the resources themselves, and also include changes brought about by mankind's intervention. This is particularly obvious in the case of resources that can be renovated. If rationally used, the regeneration capacity of this category of resources can be continuously renewed but if the utilization degree exceeds the limit, the resources may become feeble and exhausted. For example, herding in excess of the limit may result in the decline and exhaustion of the grassland while fishing activities exceeding the regeneration capacity of the fish may result in the fish resources falling off and ultimately becoming exhausted. People have called the maximum pressure that can be endured by an ecological system the value limit (maximum limit). In the process of developing and using resources, first it is necessary to differentiate between the value limits of the different objects and then to determine the degree and measure of their development and use. Generally speaking, the more complex and the more stable the ecological system of the resources, the more powerful is its self-regulatory capacity of recovering

its functions. This is what has been mentioned as "a diversified character being the most stable." Contrarily, the simpler and more fragile the system, the worse is its character of stability and the least intervention will exceed the value limit it can bear and the system will collapse.

Fifth, the multiple-use nature of resources. The great majority of resources have many functions. For example, in the case of a river, if its two banks are protected by a forest belt and a reservoir is built, then it can supply cheap electric power to the energy department, self-flow irrigation for agriculture, economic water transport for communications, aquatic products for fisheries, aquatic feeding materials for animal husbandry, beautiful environment for the residents, timber for the forestry industry, picturesque scenery for tourists, and so on. The mission of developing and protecting resources lies in fully using this special feature and displaying its overall beneficial effects. The practice of allowing one department to exercise exclusive control and to develop one single objective violates the superior principle of utilizing the special feature of the multiple uses of resources.

#### Development and Protection

The development and protection of natural resources are originally a dialectical combination. Unfortunately, people have frequently set them up as opposed to each other. Among our contingent of cadres, certain errors in understanding have arisen. For example, take such pretexts as, first, "for the sake of filling up the stomach, we cannot but resort to destruction," or, second, "since we must speed up developing the economy, for the time being we cannot attend to protection," or third, "because of construction, we must destroy first and seek protection afterwards," and so on.

For the purpose of seeking economic development, mankind must develop and use natural resources. But in using natural resources, it is necessary to understand the limited nature of resources and the burden-bearing capacity of the ecological system and at the same time to take the needs of posterity into consideration. This is the meaning of protecting resources. If it is said that the objective of opening up resources and facilitating economic development is to provide for social needs and mankind's happiness, then the objective of protecting resources is to ensure the everlasting continuity of such provisions, to the end that not only people of the present generation obtain the maximum benefits but also that the potentials of the benefits be maintained to satisfy the needs of posterity.

The spheres of natural resources are extremely extensive. In accordance with the special features of their development, utilization, and renovation, they may be generally divided into three categories: The first category may be called "constant resources," such as solar energy, tidal energy, nuclear fission energy, and so forth. They exist in enormous quantities in the world of nature. No matter how they are utilized by mankind, no appreciable changes can be seen in their available quantities. Regarding this category of resources, we should, under the condition of not causing any environmental pollution, use our current advanced technology to put them to the utmost development and use. The second category consists of the so-called



"consumable resources," such as nonlife mineral matters and crude oil. The volume of this category of resources will be tied to their development and utilization and gradually become exhausted. We should do our utmost to reduce their consumption, at the same time perfecting the technique of recovering them, thereby extending the duration of their use. The third category consists of "resources that can be renovated," which include various kinds of living things, plants, microbes, and the various ecological systems which they have formed with their surrounding environment such as farmland, forests, grassland, and so forth. Their special features are that under the conditions of a suitable natural environment and rational management and control, they can be renovated and multiplied and permit of mankind's everlasting utilization; or, contrarily, they may collapse and disintegrate, even vanish and become extinct. The development and protection of this category of resources must have three objectives: First, maintenance of the basic ecological process and maintenance system of life, such as soil regeneration and maintenance, recycling and balancing of the nutrient value factor, water purification, and so on; second, maintenance of the traditionally diversified character, and preservation of a rich "gene storage" for future breeding and generation by mankind; and third, assurance of the sustained utilization of the ecological system (that is, the system that joins together plants, animals, microbes and the nonlife constituent portions of their environment) and species of living things.

The rational use of resources that can be renovated carries two more positive meanings: First is placing reliance on green vegetations and making full use of solar energy. Solar energy is the most abundant kind of resource but our utilization of it is extremely low--less than 1 percent. In particular, a huge patch of stark naked land remains uncovered by any green vegetation, wasting the plentiful energy resources of light and failing to have them fixed and transformed into carbohydrates. For example, villages and roads occupy large tracts of land. The land is no longer usable for planting grain, but alongside the villages and roads, trees and grass may be planted. This can beautify the environment and also bring about the fixation of solar energy. If, in suiting measures to local conditions, we can extend this to planting trees, bushes, grass and flowers, thus going into a vertical distribution of space, it can not only compensate the losses from the use of land but also achieve fixation of a larger volume of solar energy than can otherwise be achieved through using the land for farming purposes. It will also create more wealth for society. The second of them is proceeding along the various "food chains" (that is relationships between food hunting and objects of food hunting) with multilayer utilization and establishing artificial ecological systems which possess highly efficient functions of multilevel reciprocal compensation and feedback self-regulation. This rational development and use of resources of living things possesses the superior points of requiring little investment and producing quick results and consequently has attracted the attention of world countries. Leaving aside such incidents as starting hill fires which demolish enormous quantities of grass and trees, at present, in our country there are frightful wastes in this connection. Even in agricultural areas of intensive and meticulous farming where, after exerting hard and diligent toil and putting large quantities of fertilizers into the fields, certain photosynthetic

products (fixed solar energy) are obtained with great difficulty, of which mankind can actually use less than one-third while over two-thirds are to no purpose wasted. Take for example, the stalks of plants and straws. They contain over 50 percent of the photosynthetic products and also contain energy, nutritious substances such as crude protein, fat, sugar, and so forth, and also other nutrients such as nitrogen, phosphorous, and potassium as well as organic substances. The great proportion of them are directly used as fuel and their contents of nutritious materials, nutrients, and organic substances are all burned away and the energy derived from them is only 10 percent. On the contrary, let us suppose that this simple and regressive form of utilization is transformed, through extending the demands of the "food chain" and adding in certain intermediate links (new constituents), into a superior utilization system: such as using them as animal feed to take advantage of their nutritious substances; using the dung of animals and fowls to plant mushrooms and thus to take advantage of their surplus nutritious substances; using the methane bacteria to ferment and produce marsh gas which can enable energy utilization to amount to 60 percent; using the marsh gas residue to raise earthworms; and then returning to the soil the nutrients of nitrogen, phosphorous and potassium in the water of marsh gas pits and the remaining organic substances of marsh gas residues. Any portion of the nutrients damaged or lost may be replaced or made up through applying chemical fertilizer. As a matter of fact, all the various localities can form their own superior utilization models, suiting measures to local conditions. The mulberries and fish ponds in the south are typical examples of ecological agriculture. If this procedure is followed, it will not be difficult for the various localities to achieve a benign cycle in ecology and good economic and social results.

In short, taking a long-range view and basically speaking, there is complete unanimity between development and protection if the ecological target, economic target, and social target are united. Therefore, in treating the relationship between protecting and developing and using natural resources, we should set up the following viewpoint: The ecological benefits of natural resources are the material guarantee of economic benefits and in fact constitute long-range and basic economic beneficial effects; in the event of a contradiction between the two, reliance must be placed on the progress of modern science and technology, through rational and workable means, to bring about a turnaround in the contradiction and promote the development of the social productive forces. We should not repeat the past regressive method of aggravating the contradiction between the two and thus harming posterity.

#### Markings and Measures

In what way can the development and utilization of resources be considered as being rational? It is necessary to have an objective yardstick for measurement. As for resources which can be renovated, in general there are three principal marketings:

1. Quantitatively speaking, the more resources are used the more they should increase in quantity. This is the first yardstick for measuring

whether or not the use of resource that can be renovated is rational. Referring concretely to production in the various industries and trades, they all have concrete measurement standards. For example, if the plantation trade wants to keep its per mu output increasing, it is necessary to use superior seeds, to apply fertilizer scientifically, to do intensive and meticulous farming, to increase the organic content of the soil, to balance the input and output of nutrient circulation in the farmfield, in the case of arid fields (maintained by rainfall) to continuously raise the productivity rate of water content in agriculture (quantity of grain output per millimeter of rainfall), in the case of the self-irrigated area in the north to keep the level of underground water below the critical depth which may cause secondary salination, and in the case of areas irrigated by wells to adopt compensating and balancing measures to keep the underground water level from dropping yearly and thereby forming a "funnel" area; as for the forestry industry, it should adopt the measure of planting more trees than felling trees and keep the annual felling volume below the growth volume; the fisheries trade should prevent the volume of fish catching from exceeding the regeneration volume of the resources; animal husbandry should determine the volume of breeding and raising animals and fowls according to the available quantity of feed grass and feed materials, to avoid blindly seeking a large quantity of livestock on hand at the end of the year in excess of the limit for herding or raising, and to continuously improve the quantity and quality of the feed grass and feed materials which is the only way to gradually improve the quantity and quality of the livestock products.

2. The gross or overall function of the system must be improved continuously. First of all, it is necessary not only to note whether the output quantity is high or low but also to watch whether the quality is good or poor (such as the per mu yield of heat and protein) and also to watch whether the production cost is high or low and the net receipt is high or low. Next, it is necessary to watch not only the function of the sub-structure (such as plantation trade in farmland) of a certain area but also the fixation quantity of solar energy in the entire area and the productivity rate of an average unit area of territory. Moreover, it is necessary to see whether or not the first-born output of photosynthetic products has gone through many times of utilization along the line of the "food chain," whether or not it has gone through many times of processing along the "processing chain," how much agricultural forestry, animal husbandry, subsidiary and fisheries products it has provided, and how much wealth it has created for society. Finally, the structure of the ecological system must be able to maintain the regeneration capacity, benign production potential, and potential for environmental protection of the resources. In short, in order to continuously improve the overall function of the system, it is necessary to make the overall structures coordinate with each other and to continuously seek betterment of the structures at each and every level.

3. The comprehensive beneficial effects of resources must be fully displayed. This is determined by the special character of the multiple usage of the resources themselves. We should never concentrate on any one use but must carry out comprehensive development of usages. For example, the

Changbei Mountain area is well-known for its "nine hills, one river, and one-third of its area being farmland," serving also as a ginseng, deerhorn, medicine and spices warehouse. Moreover, it has a large variety of animals, plants and vegetation, and rich hydropower resources. The natural pool in the midst of the hills has beautiful scenery and is also a gene warehouse, an energy warehouse, and a first-class summer resort for tourists. Unfortunately, in the past, emphasis was laid on "taking grain as the chief factor," and even now development is centered on developing the timber resources alone. As a result, the comprehensive benefits of its resources still cannot be fully displayed. On the other hand, if we can, according to the different ecological environment and suiting measures to local conditions, develop here the best ecological structures for handling forest-ginseng, forest-deerhorn, forest-medicines and forest-spices and establish a highly efficient ecological and economic system, the people in this mountainous area can be enriched even more rapidly.

Naturally, for the different categories or types of natural resources, the standards of rational use are different and the yardsticks of measurement are also different. The three standards mentioned above are suitable for resources which can be renovated. As for "constant resources," the standards for rational utilization should be: 1) Adopting a new technology to achieve the maximum development and utilization; 2) improving the economic benefits; 3) avoiding environmental pollution; and 4) avoiding damage to the ecological system. Regarding the "resources of an exhaustive character," we should do the utmost in adopting the use of substitute resources to reduce their usage, and, in the course of utilization, we should carry out recovery work, engage in comprehensive utilization and prolong the duration of utilization.

To achieve the purpose of rationally using resources, it is necessary to adopt a series of measures, as follows:

First, propagating to the extensive masses of cadres and people the three big prerequisites for developing agricultural production. We should make everybody correctly understand the relationship between man and nature, the dialectical law between development and production, and the special features of natural resources, thus enabling them to rationally develop and utilize natural resources.

Second, proceeding with reform of the structure and establishing trans-departmental and translocality comprehensive development enterprises. In view of the special feature of the integrated nature of resources, it is necessary to break departmental restrictions and local separatist dominance, set up comprehensive development companies and unite development and protection.

Third, putting planning on a scientific basis. Development of a regional program must be part and parcel of an overall development program, and must pass through scientific discussion and overall evaluation by specialists.

Fourth, legislation is necessary. On the basis of natural laws and economic laws, a series of laws and statutes should be enacted to legalize the fruits of scientific research.

Fifth, strengthening the comprehensive study of the development and use of resources. Scientists in various fields including nature, technology, economics, and social affairs should be organized for the introduction of systematic scientific theories, methods, and tools and strengthening the comprehensive study and opening up of a new territory of the ecological and economic system of resources.

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## IT IS NECESSARY TO FOSTER NEW IDEAS IN THE FACE OF THE NEW TECHNOLOGICAL REVOLUTION

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[Article by Chen Liangjin [7115 5328 3866]]

[Text] The new technological revolution that is rising in the world today will be of great significance which will surely reach far beyond the domain of technology. It will have influence on the productive setup, economic structure, social life, and many other fields. These are the complex and chain effects of the technological revolution. If we say all the previous technological revolutions were mainly the extension of the physical power of mankind, then the present technological revolution can be regarded as an expansion of human intelligence. This is an opportunity which a developing country like China must not miss.

We have missed several opportunities in history. In the mid-18th century when the Industrial Revolution was emerging in Europe, China was enjoying the so-called "flourishing age of Emperor Qian Long." Being a closed and ill-informed society, China failed to make any response to the technological revolution then rising in the world and thus lagged further behind the world's advanced level. The Western colonialists began to threaten the east in the mid-19th century and pitted guns and cannons against broadswords and spears. Japan seized this opportunity, launched the Meiji Restoration and achieved success. China for its part initiated the "Westernization Movement" and later the "Reform Movement of 1898" which was bloodily put down by the conservative faction only 106 days after it was started. After the founding of the PRC, the Chinese people have striven hard to get rid of poverty and backwardness and to catch up with the advanced economic and technological level of the world and have made great achievements. However, in the mid-1960's and in the 1970's when a worldwide new technological revolution was emerging, our country was suffering from the 10-year internal disorder of the "Great Cultural Revolution." As the principle of "taking class struggle as the key link" was preached every day, we again missed the opportunity and lagged even further behind others. Now comes another opportunity. We must make sure that this opportunity will not be missed. As each opportunity only lasts a while, we must make the best use of our time to take up the challenge.

What change should we introduce in our mental orientation in order to grasp the opportunity and take up the challenge presented by this new technological revolution currently emerging in the world? In light of the present circumstances, we should pay attention to the following aspects.

First, we must change our frame of reference and broaden our outlook. We have isolated ourselves from the world for many years and know little about the development in the world in the past few decades. We were really shocked by the tremendous changes which had taken place in the world over these years when we resumed contact with the outside world in implementing the open-door policy. The worldwide new technological revolution and the rapid development trend arising from it have brought about a change in the frame of reference with respect to people's mental orientation. Such a change shows itself in two ways:

1. We used to pay sole attention to vertical comparison. But now we have begun to attach importance to horizontal comparison and combined the two ways to form a coordinated whole. In the past, we limited our frame of reference to ourselves, comparing what we are today with what we were yesterday and the day before yesterday. Thus, we only saw our achievements and development instead of the gap between our achievements and the advanced level of the world. However, if we take the advanced level of the world as our frame of reference, we will be able to find out our weaknesses and thus do all we can to catch up. The concept of modernization is not only a historical concept but also a worldwide concept. According to its original meaning, modernization is a concept on developing horizontal comparison. Implementation of the open-door policy provides us with a frame of reference in modernization. It is really important. Horizontal comparison should inspire us instead of frustrating us. Technically speaking, by "aiming high" we may be "well up to the average." Anyway, this will be much better than what we can achieve if we "aim low," being content with the existing state of affairs and being unrealistically optimistic. Setting up a new frame of reference, discovering the exact position of existing things by their coordinates, thus formulating the development strategy for the future and drawing up the necessary measures, is a necessary process for us in getting closer and closer to, and finally catching up with or even surpassing the advanced level of the world.

2. We used to adopt the closed-door policy but now we have turned to implementing the open-door policy, extended our field of vision to the world, and made comprehensive observation and analysis. This is a change in our space concept. The very purpose of the open-door policy put forth by the central authorities is to put an end to the country's long-standing closed-door policy. The closed-door policy was an expression of feudalism. And long-standing closure has resulted in backwardness, a closed "character," closed "habits," and closed "concepts." Like Madame Nine Jin in Lu Xun's novel "Disturbances," people who are used to the closed-door policy always feel "uncomfortable" with new situations and new events. The implementation of the open-door policy has first of all provided us with a frame of reference enabling us to correctly evaluate our position in the vast world and to emancipate ourselves from old concepts. Only by doing so can we join the

worldwide competition and absorb the advanced technical know-how of the contemporary world and the experience in operation of modern large-scale production. This is a necessary condition for us to embrace the new technological revolution and share the great achievements resulting from new technology. A leader must be equipped with "a universal antenna" which can "scan" through a full 360 degrees. His eyes must be "bifocal" to enable him to watch with a telescope the domestic and international situation and its development trend, and to observe with a microscope the internal circumstances in his own departments, so that he can make decisions in a scientific way to cope with every complicated situation.

Second, the time-efficiency concept. To many comrades returning from abroad it seemed that they had suddenly changed to watching a slow-motion movie as soon as the airplane landed--both the motion of people and machines and the way of thinking seemed to have been slowed down. This is a difference in the sense of time due to displacement in space. Nowadays there is a view holding that space is being constantly "devalued" while time is being "appreciated" since modern means of transport have shrunk the earth so much that any point on it can be reached from any other point within 24 hours.

The Shekou industrial zone put forth a resounding slogan: "Time is money and efficiency is life." Opinions on this slogan were varied at the beginning. Comrade Deng Xiaoping endorsed this slogan when he inspected Shenzhen. According to Marxist points of view, given the conditions of the commodity economy, the value of a commodity reflects the amount of human labor embodied in the commodity and is determined by the amount of the necessary social labor time consumed in the production of the commodity. If a producer (enterprise) manages to use less labor time than the necessary social labor time in producing a commodity of the same category, it means that this producer can make more money than average social producers (enterprises) do in an equal amount of time. For this reason, Marx summarized all kinds of economizing as a saving of labor time and all wasteful practices as a waste of labor time. The statement that "efficiency is life" is an expression of the very basic principle of Marxist economics that labor productivity is directly proportional to the amount of the commodity's utility and inversely proportional to the commodity's value. Thus it can be seen that this slogan is not only above criticism but also worthy of being emulated by all trades.

As a kind of resource which cannot be reproduced, time cannot be stored or regained, therefore is the most precious resource. In some economically and technologically developed countries, even the time spent in holding meetings is counted as part of production cost. For example, a Japanese industrial company has set a formula: cost of meeting equals  $2ABT$ , where A denotes 3 times the average per-hour salary of the staff; 2 is a constant implying that as some staff members are participating in the meeting, regular operation is interrupted, thus the loss caused thereby must be counted; B denotes the number of persons participating in the meeting; and T the duration of the meeting. However, in our country, we have never counted time as part of production cost. The ignorance of the value of time has undoubtedly brought about tremendous losses in both material and spiritual production.

Third, the concept of information. Information is an important resource. All trades must have information. A decisionmaker has to make his decision based on information, and the amount of information available to him and whether he can obtain accurate and complete information in good time is a key factor in the validity of the decision. People engaging in scientific research also have to attach importance to intelligence and information. It would be very wasteful if a scientific researcher knew nothing about scientific achievements made and problems solved abroad but continued to spend his time on those second-rate duplicated basic research projects already solved by others. To secure sufficient information is a basic condition for successful scientific research.

A "pioneering" cadre must have a wide coverage of information, a sharp capacity for reaction, accurate judgment, and quick adaptability. Some Japanese have compared the ability of collecting intelligence to the "legs of an ostrich" which take every step steadily; and the sense of intelligence to the "wings of an eagle" which enable it to soar in the immense sky and bring it into a completely new space instantly.

Fourth, the concept of talent. If information can be regarded as a kind of resource, then talent should be part of capital. There may be incompetent leaders, but there are no useless talented people. The competition in modernization is in substance a competition in terms of science, technology, and management, which in its turn can be summarized as a competition for talented people. A smart leader must "be fond of talent, have a sharp eye to discover talent, be magnanimous to talent, and be duty-bound to the fostering of talent."

It is just unimaginable that a person can solve on his own the complicated and comprehensive problems in modernization construction. Therefore, a leader must rely on his "brain trust" and the collective wisdom of talented people. In his prize-winning thesis, "Investment in Manpower Capital," Theodore W. Schultz, an American Nobel Prize winner, said: "Investment in personnel training has always been overlooked in developing countries. The leaders and executives of these countries hold that material investment alone is the important element in economic development, and large-sized steel works the symbol of industrialization. Given the shortage of funds, they just borrow foreign loans to buy equipment and build plants and warehouses. To be sure, they have imported a lot of modern equipment. But without qualified personnel to operate all this equipment, production efficiency remains very low. As the development speed of manpower has failed to keep up with the growth in capital, they are faced with a bottleneck in economic development." Without qualified personnel, funds and equipment will remain idle and useless. Talented people are the most important assets among all other things. Carnegie, the first "steel magnate" in American history, declared: "You can take away all my plant, equipment, market, and capital, leaving me my organization and talent. I will be steel magnate again within a few years."

The only way to solve the complicated and comprehensive problems in modernization construction is to rely on the collective wisdom of talented people. For this reason, a leader must have a sharp eye to discover talent, be magnanimous to talent, and be duty-bound to the fostering of talent.

invite him to return to serve as a chief commander" and that of Liu Bei who "visited Zhuge Liang in his cottage thrice to invite him to be his adviser," have been passed on with approval. Even Xiao He and Liu Bei as feudal politicians could be courteous to the wise and condescending to the scholarly. We communists should naturally seek talented people with eagerness. Comrade Deng Xiaoping said: "Empty talk cannot help to realize modernization. We need knowledge and talent. How can we make progress without knowledge and talent?" It is a pity that many people still fail to understand this truth so far. I am afraid that we still have to go a long way and wage necessary struggle to bring an end to cases of persecuting talented people as illustrated in the story "Tears of the Diversiform-leaved Poplar." It is necessary to foster in our society a concept, an atmosphere, and a habit of making people cherish, respect, be eager to discover, to make proper use of, and to train talented people. Our leaders should take the lead in doing so.

The necessity of giving full play to the strong points of talented people is the kernel of the concept for modern leaders to make proper use of talent. In his book "The Efficient Administrator," the well-known management expert (Dulager) [2629 2139 0344] said: "If you want your employees to be free of shortcomings, then your staff will be at most a mean one. If you want 'everything to be all right,' the result will just turn out to be contrary to your expectations. The more talented a person is, the more obvious his shortcomings will be. A high peak is always accompanied by a deep valley. Nobody can be perfectly versatile. When compared with the enormous sum of knowledge, experience, and capability so far accumulated by the human race, any great talent will turn out to be unqualified." "An administrator will be weak if he is blind to others' strong points but sees only their weaknesses, and does nothing to bring their strong points into full play but always exaggerates their shortcomings."

The crux to employment of talented people lies in the ability of a leader to know his subordinates well and to assign them jobs commensurate with their abilities. In summing up the reasons why he managed to defeat Xiang Yu and thus unify the country, Liu Bang said: "First, I am inferior to Zifang in respect of the ability of devising strategies and exercising remote control over troops thousands of li away to assure victory on the battlefield; second, I am inferior to Xiao He in respect of managing the state, governing the people, and securing provisions for the army; and third, I am inferior to Han Xin in commanding hundreds of thousands of troops to conquer all enemies. All three are outstanding personalities. The reason I was able to seize the state power was that I placed them in the appropriate positions in my service. Xiang Yu failed to make good use of Fan Zeng. That was why he was defeated by me." It is impossible for a leader to be superior to others in every field. But he must possess a superb ability in employing talent. The principle of "no talented people staying idle outside the imperial court" was taken as a criterion for good politics in ancient China. If a talent of virtue is employed, a great many talented people will be attracted and come over. However, if a wicked person is employed, many talented people will quit."



It is by no means easy to make use of talent. But it is even more difficult to protect talent. Talented people are always different from ordinary people. And as the sayings go: "Gossip is a fearful thing," "outstanding performance arouses jealousy," and "heroic deeds are the origin of persecution," talented people may easily become the target of calumnies as soon as they show their outstanding abilities. Old traditional thinking states that "a bird which sticks its head out will be the first to be shot," and that "the most well-known person will be the first to get trouble and the plump-est pig will be the first to be slaughtered." Such ideas still have influence among people today. Not all people cherish talent but many people are jealous of talent. To protect talented people one needs courage and will-power, just like Chen Xiuyun, who "was brave in recommending and protecting talented people." In face of slanders on talented people, a leader with courage and insight must step out to refute all attacks on them, to protect them, and to "express appreciation of their abilities so as to encourage them to give full play to their initiative."

The key to the creation of a new situation at present is to boldly select and promote those talented people who are brave in launching reform and blazing new trails. It should be noted that some comrades who have vigorously advocated and enforced reform have been attacked and suppressed in certain places and units and have been prevented from entering leading bodies. Some comrades are still upholding some outmoded concepts, preferring those who are lacking in initiative, overcautious, and of limited ability, but regarding as "incautious" and "unreliable" those who are strong in party spirit, well-trained, and brave in blazing new trails. It is true that prejudice makes one deviate further from truth than ignorance does.

How should we interpret the revolutionization of cadres? Revolution means to emancipate productive forces and the development of productive forces is our most fundamental task at the socialist stage. The very purpose of reform is to develop productive forces and to improve the people's material and cultural life. Therefore, a more important requirement for cadres in respect of revolutionization is that they must be determined to devote themselves to reform. Of course this is not all the content of revolutionization. But loss of determination in reform means loss of the kernel of revolutionization.

Fifth, the concept of system. Modernization is a tremendous systems engineering project. Systems engineering is a branch of technology concerned with management and leadership which has been developing along with the new technological revolution. The decisionmaker in modern times must not only adopt the concept of system but also make use of this branch of technology. System means the organic entity composed of various elements linked together according to a fixed order. Everything in the world is a system in itself, it integrates with other things to form one enormous system.

The modern economy is a multi-dimensional network-type system with multiple variables, multiple levels, and multiple elements interweaving together and

having a complicated cross effect on each other. Viewed from its vertical structure, the modern economy comprises market forecast, scientific research, technological development, product development, plant operation, storage and transportation, circulation and marketing, market service, and so on. All these links are related to each other, condition each other, and form a from-market-to-market economic cycle. The intereffect between various links and elements makes the system work and the malfunction of any link will affect the highly efficient operation of the big system. For example, a certain enterprise has raised its output by 5-10 percent but suffered a 30-percent loss due to obstruction in transportation or damages resulting from careless cargo handling. Thus this enterprise has achieved virtually no economic results. As the proverb goes: "The strength of a chain is not determined by its strongest link but its weakest link." Even if the strongest link of a chain is as strong as diamond, the strength of this chain may be rendered as weak as bean curd as long as its weakest link is as weak as bean curd. We have a "wooden tub theory" respecting the process of decisionmaking in management which states that if a wooden tub is made of wood strips of different length, then the volume of the tub will be determined neither by the length of the longest strip nor the average length of all the strips but by the length of the shortest one. In order to increase the volume of the wooden tub, it is necessary to extend the shortest strip. This is the kernel of the concept of viewing the system as a whole.

Viewed from the horizontal structure, the modern economy contains more than just two things--production and marketing. It has to coordinate with ecology, environment, population, and many aspects of social development. We cannot solve the problem in an isolated way, aiming at a single target and concentrating our attention on a sole factor, but must set up a whole system of development goals so as to ensure that science and technology, the economy, and society are developing harmoniously. Any field in connection with which we must make decisions should be considered as a system. With the overall goal as the key link, all subsidiary goals must be subordinated to the overall goal. It is also necessary to emphasize the coordination between various subsidiary systems so as to give full play to the cross effect between different goals. Furthermore, it is necessary to evaluate the role and performance of each subsidiary system within the whole system so as to maintain a dynamic balance between different levels and to produce the maximum all-round capacity.

Based on the concepts of systems engineering, the purpose of the reform of the economic structure currently being carried out in our country is to rationalize the management structure, the economic structure, the structure of regulative mechanism, and the structures of other economic levers, links, and levels with the general aim of raising the overall efficiency of the whole system and accelerating the development of productive forces. To fulfill this aim, it is necessary to set up professional system analysis departments and a network of automatic information system and to reconstruct a live and dynamic image of each system based on the respective data stored in the memory of the computer. All these are modern technical means necessary to highly efficient operation, commanding, coordination, and control.

To fulfill the needs of the times--creating a new situation in socialist modernization and keeping up with the historical trend emerging after the initiating of the reform and the implementation of the open-door policy--our cadres are required to be pioneers. Comrade Deng Xiaoping said: "Both revolution and construction need a group of pathbreakers who are brave in thinking, making attempts, and blazing new trails." Our pioneering cadres should be such pathbreakers. We also need executive cadres. But execution calls for initiative too. A cadre who merely plays the role of "dispatcher" and "parrot" is not a real executive--he is in fact going slow in his post. People used to hold that maintaining what has been achieved by one's predecessors is even more difficult than starting a new undertaking. However, this old concept is no longer valid nowadays. Just remember that it is impossible to keep the heritage left over by our predecessors, the only way out is to constantly blaze new trails.

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## USHER IN A NEW SITUATION OF GREAT PROSPERITY IN SOCIALIST LITERATURE

Beijing RED FLAG in Chinese No 2, 16 Jan 85 pp 32-33

[Commentator's article]

[Text] The Fourth Congress of the Chinese Writers' Association concluded in Beijing after satisfactorily completing its tasks.

Since the 3d Plenary Session of the 11th CPC Central Committee, marked achievements have been made in literature and art circles. Over the past 6 years, socialist construction has advanced by leaps and bounds and socialist literature and art have taken on an unprecedentedly prosperous look. Over this short span of time, literary and art creation has exceeded that of the previous 20 years both in quality and quantity, as has the development of the literature and art contingent. In a message of greetings to the fourth national congress of literary and art workers, Comrade Deng Xiaoping expressed high hopes for literary and art workers, saying that the "comrades will certainly make more and better artistic achievements for the motherland and the people." Practice has proven that literary and art workers can live up to the expectations of the party and the people and that they are capable of meeting the requirements of the era. The writers attending the congress brought the rich fruit of their artistic creation and had a victorious feeling.

One important reason for the vigorous development of socialist literature and art is that since the 3d Plenary Session of the 11th CPC Central Committee, the party has adhered to the four basic principles, brought order out of chaos, emancipated minds, straightened out the policy toward literature, art, and intellectuals, and removed the trammels hampering the initiative of literary and art workers in probing into and expressing reality under socialism. As early as in the 1950's, Comrade Zhou Enlai recognized that underestimating the great progress of intellectuals, underestimating their major role in the socialist cause, not admitting that they are part of the working class, and refusing to conscientiously implement the party's policy on intellectuals had prevented intellectuals from bringing their initiative into full play. Therefore, he demanded that appropriate trust and support be given to them so as to enable them to work actively. Comrade Zhou Enlai's foresight and sagacity were based on the requirements of the new period of socialist construction and on the correct assessment of

the present state of intellectuals. His foresight and sagacity have therefore stood the test of practice. Facts have proved that as a segment of intellectuals, the vast number of literary and art workers have tremendously profound feelings for the motherland, for the people, for the party, and for socialism. Due to long-term Marxist-Leninist education, literary and art workers have a fine, progressive, and revolutionary tradition and have a serious sense of responsibility toward literature and art. They are trustworthy. In the 10 years of internal disorder during the "Great Cultural Revolution," literary and art workers sided with the party and the people and carried out a resolute struggle against Lin Biao and the "gang of four." They stood a severe test. Since the "gang of four" was smashed, in emancipating the mind, in bringing order out of chaos, in reflecting the four modernizations and praising reforms, and in opposing the corrupt bourgeois ideology and the poisonous influence of feudalism, literary and art workers have stood in the forefront of struggle. Comrade Deng Xiaoping said that "on the whole, our literature and art contingent is good." This appraisal of literary and art workers is very succinct.

By saying that the literature and art contingent is good and is trustworthy, we do not mean that everything is perfect with the literature and art contingent and literary and artistic creation. Contradictions exist in everything, and correct and erroneous things exist simultaneously. The problem is how to handle mistakes in literary and artistic creation. In his congratulatory speech on behalf of the central secretariat, Comrade Hu Qili said in reference to this problem: "So long as mistakes do not violate the law, they should be corrected through literary and art commentaries, that is, through criticism, discussions, and arguments. It is necessary to ensure that the writers who are criticized will not suffer political discrimination, will not receive any punishment, and will not be dealt with according to organizational measures." Comrade Hu Qili's speech met with warm applause. This shows that the decision of the CPC Central Committee enjoys popular support, embodies the strong wishes of literary and art workers, and is a Marxist-Leninist principle which is beneficial to bringing into play the initiative of literary and art workers. The decision fully reflects the spirit of "respecting knowledge and talented persons" and is the concrete implementation and development of the party's policy on literature and art in the new period.

After the basic completion of socialist transformation in the 1950's, Comrade Mao Zedong put forward the principle of "letting a hundred flowers blossom and a hundred schools of thought contend" so as to develop democracy in art. Subsequently, in the early 1960's, Comrade Zhou Enlai stressed the necessity for implementing the "double hundred" principle. For various reasons, Comrade Zhou Enlai's suggestion on implementing the "double hundred" principle was basically not carried out. However, he played an exemplary role in correctly handling his relationships with literature and art circles. To the present, people still remember how Comrade Zhou Enlai led literary and art work. This is not strange, because he correctly implemented the party's Marxist policy on literature and art.



Comrade Hu Qili's congratulatory speech affirmed that the party's leadership over literary and art work was basically good and that the great achievements in socialist literature had been made under the leadership of the party. In the meantime, he also pointed out that there were some shortcomings in the party's leadership over literary and art work. He said that these shortcomings mainly consisted of "leftist" tendencies which caused too much interference and brought about too many administrative orders. We should improve and strengthen the party's leadership over literary work so as to follow the development of the new situation. Improving and strengthening the party's leadership over literary and art work cannot be divorced from the implementation of the "double hundred" principle and from developing democracy in art. "Proceeding from mass criticism" will not solve ideological and artistic problems. Furthermore, it will not foster the idea of reasoning and seeking truth from facts. Also, determining the future of a work or of a writer according to a leader's opinion will not solve ideological and artistic problems. Instead, it will foster patriarchal behavior and a bureaucratic work style. As a result, the party's leadership over literary and art work will be abnormal, the relationships between leading cadres and literary and art workers will be abnormal, and the relationships between literary and art workers themselves will be abnormal. Instead of strengthening the party's leadership over literary and art work, this will weaken such leadership.

Literary creation is a kind of mental labor which requires an independent creative spirit. The independent creative spirit of a writer should manifest itself in his profound and unique understanding of life as well as in his courageous attempts to seek new artistic forms for the purpose of describing a new life. Naturally, such an exploration of life and art should be made under the guidance of dialectical materialism and historical materialism. However, since it is a new exploration, it is comprehensible for unexpected results and various kinds of mistakes to arise in the course of exploration. Lu Xun once said: Some people like to make high-sounding remarks such as "those who are not saints, heroes, or geniuses by birth should not have been born; and articles which are not immortal masterpieces should not have been written." Their purpose is to demand perfection and to avoid "writing." If our purpose is not to block the way of writers and artists, we should allow them to have freedom of creation and exploration. Facts have frequently proved that writers and artists are sometimes more sensitive than ordinary people in their understanding and observations about life. They can discover new problems, new contradictions, new things, new characters, and new ideas. In making a distinction between right and wrong, not only should we carry out criticism, counter criticism, and hold repeated discussions, but we should also undergo the test of practice and history. Drawing a conclusion in a rash manner will suppress the emergence of new ideas and overlook new beginnings.

We are now in the new historical period of socialist construction. Reforms carried out for the purpose of building socialism with Chinese characteristics are a new cause our predecessors did not experience. There are no ready-made answers in our books to the various problems we face in reforms. Sometimes these problems pose questions that contradict with old concepts.

The development of life has posed some questions bearing new concepts. Writers and artists who have an independent creative spirit will answer these questions through their works. A correct, Marxist attitude is to encourage their exploration and discussion and not to oppose them. The new year has just started and everything is taking on a new look. We firmly believe that the congress' spirit of bringing everyone's drive into full play and of great unity will enable us to usher in a new situation of great prosperity in China's socialist literature.

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DEVELOP DEMOCRACY IN ART, RESPECT THE LAWS GOVERNING ARTISTIC WORK--READING AGAIN COMRADE ZHOU ENLAI'S 'SPEECH AT THE LITERATURE AND ART WORK FORUM AND THE FEATURE FILMMAKING CONFERENCE'--COMPLETED IN THE SMALL HOURS OF 17 DECEMBER 1984

Beijing RED FLAG in Chinese No 2, 16 Jan 85 pp 34-37

[Article by Huang Mei [5435 3561]]

[Text] As the year draws to an end, I have heard that the number of feature films produced in 1984 has set an all-time high of nearly 150. "Wreaths Under the High Mountain," now being screened nationwide, is loved and praised by the broad masses. It can indeed be called an outstanding and "soul-stirring" film. I have just seen the recently published final volume of the "Selected Works of Zhou Enlai" and have studied again Comrade Zhou Enlai's "Speech at the Literature and Art Work Forum and the Feature Filmmaking Conference." Looking back over the past and into the future, all sorts of feelings welled up in my mind.

Reading this speech again after 23 years, and recalling some of Comrade Zhou Enlai's teachings which I had personally heard while working in the movie industry, I felt that I had so much to say, but did not know where to begin. My excitement was simply beyond words. I believe that all firm workers who heard this speech will feel the same as I did when they read it again.

As I review the great and valuable successes we have achieved in the art of filmmaking after all the frustrations we experienced, look at the boom in the film industry and the new situation of unprecedented prosperity since the 3d Plenary Session of the 11th CPC Central Committee, and think of the rapidly developing new situation of economic reform and socialist modernization that our films are confronting, I sincerely hope that comrades in the movie circles will all study again this important speech by Comrade Zhou Enlai.

This speech by Comrade Zhou Enlai has extremely profound historical and immediate significance. As I understand it, he wrote the speech after in-depth and meticulous investigations when he already had his hands full attending to state affairs. Yet he still spent a lot of time holding heart-to-heart talks with comrades from literature and art circles and exchanged views with them in a comradely way and on an equal footing. It

was only after getting a clear picture of what these people truly thought and after analyzing their ideas that he put forward his own. This speech touched on many questions. As a party and state leader, he was aware of the "leftist" ideas on the literature and art front since the "Great Leap Forward" and the development of "leftist" ideas over the years. He not only unequivocally criticized the phenomenon of "what I say goes" in leadership over literature and art and the unhealthy practice of "leaping at any chance to resort to the five tricks" (namely, imposing restrictions, seizing on other people's mistakes and shortcomings, digging out people's backgrounds, pinning labels on others, and using the big stick on others), but also explicitly put forward for the first time since the founding of the PRC the need to develop a democratic style in literature and art and to respect the laws governing literature and art.

This call put forward by Comrade Zhou Enlai is a summing up of historical experience. It is also the key to promoting and developing the creation of films and art in the future. History has proved that in order to develop democracy in art, we must respect the laws governing artistic work and act according to the special laws governing literature and art. In other words, we must acknowledge the fact that "literature is the study of humanities" and must respect Comrade Mao Zedong's teaching that "revolutionary literature and art should create all kinds of characters on the basis of actual life so as to help the masses push forward the progress of history." This was what Comrade Zhou Enlai meant when he said that literature and art "must be expressed through images and typical examples. Without images, literature and art do not exist." If literature and art do not create characters, do not give expression to the fate and experience of characters in typical environments, in different historical periods or under specific historical conditions, and do not give expression to people's genuine feelings and human nature through the portrayal of the complicated and varied relations, conflicts and contradictions between people, they cannot reflect life and reality.

However, for a long period, we most greatly disregarded the laws governing artistic work in our actual work. On the contrary, we simplistically and one-sidedly stressed the need to put political criteria in the first place. Appeals to study and respect the particular characteristics of films and emphasize the laws governing artistic work were regarded as bourgeois ideas and revisionist viewpoints and were opposed. In movie circles, the mentality of "seeking not so much artistic merit as the absence of political mistakes" has still not been completely eradicated. If we do not respect the laws governing artistic work, we will never be able to develop democracy in art. Simplistically and one-sidedly emphasizing the need for literature and art to serve politics, taking class struggle as the key link in everything, requiring literature and art works to give publicity to the party and state and even specific policies at a given time and place, and taking politics as the only, rather than the first, criterion in commenting on all works of literature and art are practices that run counter to the laws governing artistic work. These practices will only deprive the artists of their freedom of choice in regard to subject matter, style, genre, and means of artistic expression. This will result in "what I say

goes" and only the voice of one school will be heard. Should this happen, how can there be the free development of different forms and styles as Comrade Mao Zedong wanted? How could democracy in art be truly developed?

In this speech, Comrade Zhou Enlai repeatedly emphasized the importance of the laws governing artistic work. This covers many aspects, including the improvement of the style of leadership, the grasping of the laws governing artistic work, and numerous concrete matters like conducting basic training and paying attention to experience, ability and skill. These should be discussed and studied. As someone who has for many years been in charge of production in the film department, what impresses me most is Comrade Zhou Enlai's democratic work style as a great proletarian statesman.

Keenly aware of the lack of democracy in the literature and art circles, he began his speech by incisively pointing out this phenomenon: "But now many people who dare not think, dare not speak out, and dare not act. They still think sometimes. Their main problem is they dare not speak out and dare not act. They lack 'daring' on two scores. Why?" He pointed out clearly: "There is no such thing as 'what I say goes' where every utterance is 100 percent correct." "Where does 'what I say goes' originate? It has something to do with leadership." He then declared: "What I have said today can be pondered on, discussed, criticized, negated, or affirmed by anyone." "The democratic style must proceed from people like us. Criticism and the airing of different opinions must be allowed." "In changing the work style of the literature and art circles, it is necessary first of all to change the work style of cadres; in changing the work style of cadres, it is necessary first of all to change the work style of leading cadres; in changing the work style of leading cadres, it is necessary first of all for us at the top to change."

Comrade Zhou Enlai set an example for us. He not only profoundly criticized the lack of a democratic style and the phenomenon of "what I say goes" in the literature and art circles, but boldly committed himself and assumed responsibility. He clearly indicated that "it is necessary first of all for us at the top to change" before the work style of the great number of leading cadres can be changed.

However, changing the work style of leading cadres is by no means easy. In his speech, Comrade Zhou Enlai rather emotionally brought up an alarming fact. He said:

"Judging by today's standards, what I said in 1959 about the policy of walking on two legs in literature and art work may not be entirely correct. There may even be points that have gone beyond the limit or fall short of the mark. What upsets me is that my words produced no response and were consigned to limbo. This is really depressing." What was this about?

On the morning of 23 April 1959, when Comrade Zhou Enlai was convalescing in a hospital in Beijing, he asked a number of comrades from the film circles who were attending the CPPCC National Conference--Shen Fu [3088 3187], Zheng Junli [6774 0689 6849], Chen Liting [7115 7642 1656], Zhao Dan [6392 0030],



Zhang Ruifang [1728 3843 5364] and I, to come to his hospital for a talk. In view of certain "leftist" tendencies in the literature and art circles at that time, he put forward a 10-point proposal which was mainly aimed at rectifying some of the erroneous "leftist" practices during the "Great Leap Forward," such as one-sidedly going after quantity at the expense of quality, one-sidedly going after ideological content at the expense of artistic quality, and "launching satellites." Not long after, on the afternoon of 3 May 1959, he again invited the NPC deputies, some representatives and deputies to the CPPCC from the literature and art circles, as well as some comrades from the literature and art circles in Beijing to a forum held at Ziguanjiao [4793 0342 7041]. At this forum, he reiterated in his speech this 10-point proposal, that is, the question of walking on two legs in cultural and artistic work.

However, some leading comrades of the Ministry of Culture feared that this speech might affect the situation of the "leap forward in literature and art" and did not pass it on to the lower levels. The principal responsible person of the Shanghai Municipal CPC Committee even forbade such transmission and only allowed Comrade Zheng Junli explain it to a small group of a dozen or so people.

This was what Comrade Zhou Enlai was referring to when he said that his 1959 talk on the policy of walking on two legs in literature and art work was consigned to limbo. This shows that Comrade Zhou Enlai was aware of the existence of numerous "leftist" viewpoints more than 2 years before he pointed out the fact in his June 1961 speech, and had already stated his views and criticisms. However, some leaders turned a deaf ear and even brazenly resisted and suppressed his suggestions. These leaders even openly refused to listen to Premier Zhou's criticism. There is no way that they would have listened to the opinions and criticism put forward by experts and ordinary workers in the field of literature and art, paid any attention to developing a democratic style in art, or respected the laws governing artistic work.

For a long time, paying attention to work in the field of ideology and in the field of literature and art has been one of our party's fine traditions. For this reason, literature and art work has achieved great successes under the leadership of the party. However, as Comrade Zhou Enlai pointed out, there did exist the tendency to "replace literature and art with politics." "Taking class struggle as the key link," we made no distinctions between political, ideological, and artistic problems, "used mass criticism to clear the way," and emphasized the need to "put destruction first." The enthusiasm and creativity of the writers and artists were dampened by the oversimplistic and crude criticism of their works. A serious consequence of this was that some leaders began to think that "what I say goes." Comrade Mao Zedong put forward the policy of "letting a hundred flowers blossom and a hundred schools of thought contend" long ago. He clearly pointed out that this policy "is the policy for promoting the progress of the arts and the sciences and a flourishing socialist culture in our land," that "it is a basic as well as long-term policy." However, due to "leftist" interference, this policy has not been correctly implemented.

In short, whether or not we develop a democratic style in art, respecting the laws governing artistic work and dialectically integrating the two in fact has a vital bearing on the success or otherwise of China's socialist literature and art. It is also the key to improving and strengthening the party's leadership over literature and art work. Needless to say, it is also the key to changing the work style of "what I say goes" among leaders at various levels in literature and art departments, in propaganda departments, and on the ideological fronts.

Comrade Zhou Enlai always showed great enthusiasm and concern for revolutionary literature and art work in every possible way. This was true whether in the rear area or in Yanan during the war of resistance against Japanese aggression, or during the war of liberation, and was particularly true after the founding of new China. Besides stringent requirements and earnest criticism, he also gave sincere and concrete guidance. What impressed us most was his modesty and open-mindedness. He could make ordinary literature and art workers like us feel his sincerity, comradeship, and friendly warmth when talking to him. Before him, we dared to say what was on our minds and were more than willing to listen to his criticism. Our hearts beat in harmony. We all hoped and believed that Comrade Zhou Enlai would understand our hard work, successes and failures, agonies or ecstasies... We also believed that he would give us positive support and show his concern. Comrade Zhou Enlai had devoted tremendous energies toward developing new China's socialist literature and art. He set an example in developing a democratic style in art, respecting the laws governing artistic work, and resolutely implementing the "double hundred" policy. The warm concern that he lavished on the people's cause of literature and art will forever impel us forward.

In this speech of Comrade Zhou Enlai's, many points were directed at film production. I have been in charge of organizing and leading the production of films for a long time. Over the years, I have also made many mistakes. I also had the shortcoming of not paying attention to the democratic style in art and not respecting the laws governing artistic work. Thus, when I read this speech again, I feel very touched and am profoundly educated and stimulated.

The movie industry is now facing a new period of great changes and needs a new start. In his telegram to award-winning film workers in May 1984, Comrade Hu Yaobang pointed out:

"I hope you will continue to exert yourselves, keep improving, strive to reproduce the seething atmosphere of the four modernizations and portray images of socialist advanced elements who are bold in making innovations and active in carrying out reforms, and continue to create a new situation in China's socialist film industry!"

At present, reforms are being positively deliberated on in regard to the management of film production and the running of film enterprises. In the final analysis, all reforms are aimed at promoting the prosperity of artistic creation of films, improving the quality of films, bringing about

more diversified subject matter, style, and form, and reflecting the reality of our times and life from various angles so as to meet the growing cultural needs of the masses of the people and push forward the development of China's socialist modernization.

Developing a democratic style in art and respecting the laws governing artistic work is still the key to all our work. If we do not respect the laws governing artistic work and develop a democratic style in art, we will not be able to thoroughly negate the "Cultural Revolution," truly eliminate all kinds of "leftist" ideas that have prevailed for a long time, put an end to the oversimplistic and crude work style of "what I say goes," or correctly carry out literary and art criticism. Even if some works are unhealthy and even have erroneous ideas and tendencies, we must still assess them scientifically and by way of reasoning and must be good at clearing people's minds. Otherwise, we will not be able to fully arouse the enthusiasm and creativity of all artists, and it will not be possible for film art to soar to new heights and attain a yet higher goal.

Thus, I sincerely hope that everyone in the film circles will study this document well. I hope they will conscientiously sum up past experience, face reality, look forward to the future, and create with greater courage a new situation for our socialist film industry with Chinese characteristics. This was Comrade Zhou Enlai's ardent expectation for, faith in, and demand on film artists in his life. We should scale new heights in the art of film production and fulfill this great historical mission with confidence.

CSO: 4004/17

## WHAT COUNTS IS ENTHUSIASM

Beijing RED FLAG in Chinese No 2, 16 Jan 85 pp 38-39

[Article by Zhang Xianliang [1728 6343 0081]]

[Text] In the past, some comrades questioned whether the strong political flavor and reasoning in some of the novels about reforms is an indispensable characteristic for such novels and whether this would make the novels less vivid and less attractive to the readers. I think that we can remove such doubts. Since the heroes of a novel of this kind are certainly reformers, the novel is required not only to detail what the heroes do and how they do it, but also what they think and say. Otherwise, the images created in the novel will not be complete. Writing about what the reformers think and say will inevitably cause the novel to have a political feel and political reasoning.

Of course, the following is often the case: Readers skim the political aspects and reasoning in the novels and are interested only in the plot. This gives writers a headache. They thus fail to fulfill the task of expressing their thoughts through their novels. Sometimes a writer does not know whether to cry or laugh because the characters he has depicted in his books become distorted in the minds of his readers as if they were being reflected in distorting mirrors.

To be honest, even if a writer has magic, it would still be impossible for him to attract some of his readers to read the political reasoning parts in his novels. Tolstoy is universally acknowledged to be a great writer and his artistic techniques can be said to have no rivals, but I would venture to say that quite a large number of the readers of his "Resurrection" and "War and Peace" do not read the long didactic parts in his great novels. Nevertheless, they are deeply moved by the specific thoughts, acts, experiences, and fates of the major characters in the two great novels.

Can we then say that Tolstoy could have cut out the passages related to political reasoning and thinking in his books, since readers do not read them, and that these passages fail to achieve the results that the writer expected to achieve? I do not think so. It was precisely the political reasoning and thoughts that perhaps seem absurd to us now that aroused his enthusiasm for writing the novels. His political reasoning and thoughts

were the outcome of his observations of life and accumulation of ideological materials; conversely, such political reasoning and thoughts urged him to deepen his observations of life and develop his own unique thoughts. Cutting out these passages in his books means taking away the foundation stone of his works.

Therefore, I always hold that in writing the novels reflecting the reforms, the writers need not refrain from writing political reasoning and thoughts because some readers do not like to read them. Of course, he should not write them in abstract terms or in an ambiguous way because he is allowed to write them. I am also a novel writer, so I know that there is a technical difficulty to refrain from writing these passages and that refraining from writing these passages will restrict the writer's enthusiasm for writing his books. Sometimes, cutting these passages out of his works will harm their completeness. Reading a novel is quite different from writing one. The readers can select the passages that they want to read, but in writing a novel, the writer has to maintain the continuity of his thoughts and writing. Moreover, his writing is dominated by the logic of his thoughts in terms of images and his abstract thoughts. If the writer does not write the passages that his readers may not be interested in, it will be impossible for him to write what the readers are interested in. Sometimes the reverse is the case. The passages of political reasoning and thoughts that the readers are not interested in are precisely what the writer makes the greatest effort to write.

However, the key is that the writer must be full of enthusiasm for the reality and the reform.

The reason it is so difficult to write novels that reflect the reforms is because we are carrying out a reform, a major revolutionary transformation unprecedented since the founding of the PRC. As we cannot see the outcome of the reform now, we cannot write about reform as surely as we write about history. In actual life, the reformers are explorers, and their measures are tentative. These reformers are people who "depart from the classics and rebel against orthodoxy." They have no fixed patterns to follow nor are their ideas about the reform fixed. At the same time, they often do not know whether they will succeed or fail. If a writer has no enthusiasm for the reform and if he has no revolutionary idealism, in other words, if he is not a reformer himself, it will be impossible for him to grasp any kind of images of the reformers and reforms that are not precise, and he will not be able to write any books to successfully reflect the reforms.

Revolutionary enthusiasm and idealism can make political reasoning and thoughts magnificent and enrich the depiction of the images, thus making the books more readable. Since the writer is a reformer, he is exploring the way of reforms like the reformers in other fields of work. We should not make excessive demands for the entire correctness of their political reasoning and thoughts and should test the correctness through practice. Literary works do not convince the readers by political reasoning and thoughts, but move them by the revolutionary enthusiasm roused by revolutionary idealism. This enthusiasm is the source of the force of inspiration



in the writer's political reasoning and thoughts as well as the source of the vitality of the images depicted by the writer.

I do not say this to hold that we should present a false picture of reality, avoid mentioning the difficulties in our reforms, or add an illusory tint to the images of our reformers. According to my experiences in reading and writing, I think that revolutionary idealist enthusiasm often can better touch the truth of life than the cold attitude of naturalism. I am not going to make a long list of examples in the history of literature. I only want to point out that when the great Western writers of the 18th and 19th centuries wrote about the heroes of the bourgeoisie when it was rising, they also adopted this method of literary creation. History has proved that this kind of artistic truth grasped the actual historical truth. Our evaluation of the heroes about which they wrote perhaps differed from their evaluation, and of course our opinions today differ from the political reasoning and thoughts in their works and we criticize or even entirely negate the reasoning and thoughts, but we cannot negate the historical merit of their works. Furthermore, some political reasoning and thoughts in their works and some heroes created by them stir our emotions even today when we read their works because their reasoning, thoughts, and images are permeated by the enthusiasm of their times.

Enthusiasm, of course, is originated in faith. However, in modern times and in the present day, having undergone a movement to emancipate our minds, our faith has nothing to do with foolish and blind worship. In the past we had some so-called faith, the enthusiasm of which was expressed in many sets of "leftist" brave words. Today our faith in the revolution and our faith in the reform that is being carried out in a big way can only be the outcome of a correct understanding of the world situation and a scientific knowledge about the inevitable trend of the development of our country's history. A novel reflecting reforms is a book of information. Perhaps the plot of the novel is not complicated, but it may still contain a large amount of information. This means that the amount of information in the hands of the writer determines the depth and width of the reflection of the reforms in his novel. The larger the amount of information in his hands, the stronger the enthusiasm which reflects his faith. This imbues the political reasoning and thoughts in his novel with a force of influence and foresight.

Reforms are new things and are a historical movement that is far from being finished. Novels reflecting reforms must have force of influence and foresight and their essence and forms must be filled with revolutionary enthusiasm. Only when a writer has revolutionary enthusiasm can he imbue with esthetic value the reforms who are fighting in the mud left over by the old era and the undertakings of the reformers.

CSO: 4004/17

WE SHOULD NOT PIN OUR HOPES ONLY ON BO LE

Beijing RED FLAG in Chinese No 2, 16 Jan 85 pp 40-41

[Article by He Rongfei [0149 2837 7378]]

[Text] "Bo Le Selects Horses" is a well-known, ancient story in our country. The reason this story has been popular for over 1,000 years is that it reflects the thought processes of the people in appreciating, hoping to discover, and rationally employing talented people. For a long time in the past, there were many defects in our cadre and personnel systems. The phenomena of people not being employed in the posts to which their education was geared and of people not being employed in the posts that they were good at were quite common and many useful and talented people were not rationally employed. Under these circumstances, people earnestly hope that there are more Bo Le's. It is very natural, in particular, that the intellectuals who are not employed in the posts to which their education is geared or who are not employed in the posts that they are good at hope that they can meet a Bo Le and be recommended by him.

However, I am of the opinion that we should not pin our hopes only on Bo Le. As the modernization processing develops quickly, the tasks of selecting personnel are very arduous and urgent. The fundamental method of satisfying the need for personnel in our modernization efforts is to persist in carrying out reforms in our cadre system. This is because:

1. A person of the Bo Le type is required to have many fine characteristics. He should not only have the wisdom to know talented people, but also the courage to recommend them. Furthermore, he should have the lofty aspiration of acting as a ladder for other people to climb up by. It is indeed very difficult to find a man of such fine character. Such people are even rarer than those who are professionally competent. That was why ancient people said: "Horses that can run 1,000 li a day are common, but a Bo Le is rarely found." The development of the socialist modernization demands the timely selection of tens of thousands of talented people for employment. If we do not rely on the reform in our cadre system but rely on a small number of Bo Le's, how can we promptly discover and select so many talented people?

2. A Bo Le needs the opportunity to discover talented people, but such opportunities emerge quite accidentally. It is as difficult for a Bo Le to

meet talented people as it is for talented people to meet a Bo Le. Will the talented people who do not meet Bo Le be wasted if we rely only on Bo Le? Only through a thorough reform in our cadre system so as to ensure that all the talented people who have the qualification will be rationally employed by the system and only by establishing the selection of talented people on the basis of inevitability can we ensure satisfying the demand of the four modernizations for talented people.

3. If we do not carry out a thorough reform in our cadre system, sometimes, Bo Le's way of recommending talented people will be blocked. Some Bo Le's have no power to employ talented people. They can only "recommend talented people," but there is still quite a difference between "recommending talented people" and "employing talented people." In general, there should be approval from the organizational and personnel departments for "employing talented people." Of course, this is necessary. However, if the outworn concepts have not been eliminated and if the outdated system has not been reformed, the organizational and personnel departments will not necessarily turn on the green light for the selection and employment of talented people even if they have the power to do so. Very probably, the people employed will not necessarily be talented people and talented people will not necessarily be rationally employed. In such cases, what is the use of Bo Le recommending talented people? Furthermore, if the system of the ownership of personnel by units and departments is not abolished, and if Bo Le's are not "masters" of "horses that can run 1,000 li a day," they cannot move talented people to the right posts. Some "masters" of "horses that can run 1,000 li a day" will let the "horses" be idle rather than allow them to leave the area under the "masters" control. Under such circumstances, even if a Bo Le has worked hard with great enthusiasm and all his might, and tried to remove all obstacles for selecting and employing talented people, perhaps, by the time he succeeds, the young and strong "horses that can run 1,000 li a day" will have already become weak and old horses!

Of course, we do not negate Bo Le's role in recommending talented people nor pit Bo Le's recommendation of talented people against the reform in our cadre system. Is it not better to make Bo Le's recommendation of talented people a supplement to the reform in our cadre system and in particular to have more Bo Le's in our personnel and cadre departments? In reality, the number of Bo Le's is too small rather than too large. In order to open up more channels to select talented people, we needed in the past, need now, and will continue to need in the future millions of Bo Le's and we needed in the past, need now, and will continue to need in the future to encourage everyone to strive to become a Bo Le. We should establish a general mood of a society that regards being a Bo Le as an honor and we should grant great rewards to Bo Le's (which will be called "Bo Le Rewards"). The problem is that in making propaganda, we should not excessively exaggerate the role of Bo Le in recommending talented people nor substitute Bo Le recommending talented people for the reform in our cadre system.

## MORE ON THE RENEWAL OF CONCEPTS

Beijing RED FLAG in Chinese No 2, 16 Jan 85 p 41

[Article by Fang Liang [2455 0081]]

[Text] Recently, there has been an increasingly large number of articles in our press and journals on renewal of concepts. These articles direct the spearhead of attack at the decayed concepts, outdated conventions, and evil habits that block the way of the reforms, and made us feel satisfied. It is impossible to carry out a tremendously great reform if we do not eliminate those outdated concepts. For example, one wants to make our cadre ranks younger, but someone insists on promoting cadres in accordance with their length of service; one wants to respect knowledge and talented people, but someone always thinks that intellectuals have too many defects and are not reliable; one wants to carry out distribution according to labor, but someone insists on maintaining the practice of "everybody eating from the same big pot".... What should be done? Some of the outdated concepts have existed for a very long time, but others were developed along with the ultraleftist ideological tide. In order to break away from these outdated concepts, we should not only loudly appeal to the public, but also make scientific analysis, otherwise it will be impossible for us to hit home.

The criteria by which to judge whether a new or old concept is right or wrong change as the times develop, and have to undergo the test of time and practice. In fighting against old concepts, we should adhere to the correct concepts that have undergone the test of time and practice. For example, "opposing waste" is a truth that has undergone the test of practice for a long time, but we should look into the meaning of waste in the light of different situations. When people's livelihood is improved and their income rises, they have better food and clothing. However, some people oppose the practice of having better food and clothing and call it a practice of waste. This is an incorrect concept regarding waste. But opposing waste, in particular opposing the practice of wasting public money and encouraging thrift and conservation of resources, must continue to be always adhered to.

As another example, there are various concepts about "diligence" and "laziness." Some people approach the problem merely by looking at the phenomena. They think that being always busy means being diligent, and that being good at working skillfully means being lazy. Others even regard those who do

everything to please them as diligent people. This is not only an outworn concept but has always been an incorrect concept. However, we obviously seem to overdo it if, while criticizing this erroneous concept, we sneer at the "spirit of the old ox" that upholds coming to work early and leaving one's work late, working hard, devoting oneself to one's work, and ardently carrying out our undertaking.

A concept is the reflection of reality in our thoughts. All concepts are determined by social systems and the material living conditions of the people. Ours is a socialist society; therefore, we should steadfastly publicize Marxist and socialist new concepts and eliminate all feudal and capitalist outworn concepts. However, for a certain length of time, particularly during the time when the "gang of four" ran rampant, many correct concepts were criticized as erroneous ones. As a result, people's thoughts were confused and many erroneous concepts prevailed. For example, the ideas that "rebellion is justifiable," "intellectuals are the stinking ninth category," and "book knowledge is useless." Therefore, in order to renew our concepts we should not only criticize the outworn feudal and bourgeois concepts that "emerged long ago," but should also carry out repeated propaganda about the true meaning of correct concepts. In this area, we have much work to do in order to bring order out of chaos. Our social life, which changes with each passing day, is renewing, checking, and developing people's concepts. Only through mastering the methods of thinking of dialectical materialism and historical materialism can we avoid going astray and can we make continuous progress. Perhaps this is a concept that is always new.

CSO: 4004/17



DO AWAY WITH OUTMODED NOTIONS, EMPLOY PEOPLE OF A NEW GENERATION

Beijing RED FLAG in Chinese No 2, 16 Jan 85 p 42

[Article by Chen Xiuyun [7115 4423 0061], former party branch secretary of the Harbin Rectification Equipment Factory--passages within slantlines published in boldface]

[Text] The key to implementing reform of our economic system and to vigorously developing our national economy lies in employing people of a new generation. However, it is certainly not an easy thing to do and will encounter various obstacles. In order to do away with those outmoded notions which hinder the practice of employing people of a new generation, I am of the opinion that according to my own experience, we should lay emphasis on two things:

/1. We should do away with outmoded notions of evaluation and studying our cadres only politically./ For a long time in the past, because of the "leftist" influences, we also conducted in a big way the malpractice of "stressing politics" in our cadre work, even to the extent of divorcing politics from economic and vocational work. Formerly, evaluating our cadres principally meant examining and inspecting their class origins, social relations, historical problems, and performance in all previous political movements, but we only made a general evaluation of their working ability, which was regarded as less important or even insignificant. Even though a cadre had outstanding talents, we could not employ him if he had bad class origins or if in a certain political movement he had expressed political views which were at that time considered to be erroneous, and we even regarded him as a person to be watched and struck at. This kind of practice suppressed, dealt blows at, and destroyed quite a few people of talent. It is imperative that we evaluate our cadres by both political performance and vocational work. Practice is the only way to achieve this aim. In other words, we should start from their practical work in evaluating them, and we should not decide to appoint, dismiss, or employ a cadre in a one-sided manner in accordance with archival material or in accordance with the opinion of a particular leader or even in accordance with a superficial impression. At present, engaging in our four modernizations and devoting ourselves to conducting reform of our economic system is precisely the greatest task in politics. The cadre who is wholeheartedly engaged in the four modernizations and who has ability and merit and achievements is precisely the cadre who has

political consciousness and professional ability. We should resolutely and bravely employ this kind of cadre, no matter what negative opinion some leaders have of him, no matter what material is in the files, and no matter what letters some people have written to us. This is just what is expressed in the saying that "do not employ a person you doubt and do not doubt a person once you have employed him." This kind of phenomenon, of oppressing people throughout their lives because of a word by a leader or because of a false accusation in the files, should not continue.

/2. We should do away with outmoded notions that we cannot employ "businessmen."/ For a long time in the past, because we did not attach importance to our commodity production, the raw materials of our enterprises were allocated by the state and the state had exclusive selling rights over the products. Therefore, we often neglected to select outstanding people of talent. As soon as we mention buying and selling, some comrades link it with capitalism and it will provoke in them the ugly image of the merchant of Venice, depicted in Shakespeare's work. They think that businessmen are all opportunistic, intent on nothing but profit, and that they harm others to benefit themselves, and, of course, they will not employ those persons to shoulder the responsibility of leadership. In fact, it is an extremely wrong notion. Our socialist economy is a planned commodity economy. Its various links and spheres, from production through exchange, distribution, and consumption, should all be readjusted according to the law of value and through applying the law of value. In these links, we should carry out, in an all-round manner, economic accounting, in order to achieve the greatest result with the least consumption. Thus, the factory directors and managers of our enterprises are required to be good at management and at employing those "businessmen" who are both competent and good at reckoning. I have quite a lot of personal experience in this respect. When I was in the rectification equipment factory, I made "three calls at a thatched cottage" to ask a comrade who had left the factory, because of being pushed aside by factionalism, to come back and work there. The reason for this was just that this comrade was quite good at management. After coming back to the factory, he quite rapidly opened prospects for promoting our sales. At present, the sales of our factory's products account for approximately 70 percent of the market share over the whole country. Our products are sold to 72 mining affairs bureaus in all the provinces, municipalities, and autonomous regions, excluding Taiwan Province.

"Even mountains cannot prevent the torrents of the Chang Jiang from flowing to the east." The outstanding people of talent will always display their talent and skill. Our historical duty is just to be brave in breaking free of the fetters of outmoded notions, to speed up employing people of a new generation, to let them play their proper part in our current historical arena, and to give play to their proper role in order to continuously push forward the surging socialist modernization undertaking.

## GUIDE FINANCIAL REFORM WITH SCIENTIFIC METHODS OF THINKING

Beijing RED FLAG in Chinese No 2, 16 Jan 85 pp 43-45

[Article by Meng Xiangjie [1322 0686 3381]]

[Text] Like other economic departments, the financial departments also face the task of carrying out the reforms at present. So, according to the maturity of the subjective and objective conditions, we should gradually change the old habits so as to have a better grasp of the methods of making money, saving money, and spending money and to clear the way for and serve the flourishing new situation. There are complicated contradictions in the financial work, and whether the work can be done well or not is of vital importance to the overall situation in the national economy, so we particularly need to have a good grasp of scientific methods of thinking during the reform.

In "On Contradiction," Comrade Mao Zedong pointed out: "The law of contradiction in things, that is, the law of the unity of opposites, is the fundamental law of nature and of society and therefore also the fundamental law of thought." When we talk about grasping scientific methods of thinking, it is fundamental to analyze and solve problems from the point of view of contradiction, that is, from the point of view of the unity of opposites. So in the financial reform, we should proceed from the practical situation and grasp the contradictions in the overall financial work so as to combine tight control with limited control and prevent subjectivism and one-sidedness as well as to avoid making the mistakes which should not be made.

Judging from the practical situation in the financial work, "leftist" influence actually exists, and we really need to smash the outmoded conventions and dare to reform and dare to bring forth new ideas so that we will be able to sum up new experiences and take the new road. For a long time, in our financial work, we have been carrying out unified expenditure, "eating from the same big pot," equalitarianism, the method of state responsible for everything, and other traditional methods, so that we have imposed excessive and over-rigid control on some things. As a result, we have not fully aroused the enthusiasm of all sides and have fettered the development of productive forces, which is also not beneficial to fostering financial resources. Our financial work should better serve the purpose of increasing the economic results and serve the purpose of accelerating the building of

the four modernizations, so we should further emancipate the mind, change outmoded habits, meet the new situation which calls for invigorating the internal economy and opening the country to the outside world, and relax those policies which should be relaxed. This is one side of the question, and should be solved during the reform.

There is another side of the question which exists in the financial work. It is that we have not imposed rigid control on the things which should be controlled rigidly. For a long time, we have not imposed strict checks and inspection as well as rigid control on such things as carrying out reasonable rules and regulations, stopping the drain of revenues, preventing waste caused by the improper arrangement of capital, and so on and so forth. For example, some enterprises and units lie about their costs, keep their profits, evade taxes, recklessly grant bonuses, objects, and allowances, privately distribute commodities and materials, turn public property owned by the whole people into that owned by the collective, steal what is entrusted to their care and so on and so forth, which violates regulations and discipline, and have become "common diseases" and "frequently occurring diseases." From 1981 to 1983, we launched three large-scale inspections on financial affairs in the whole country, and each time, we found financial problems which cost 3 or 4 billion yuan, seriously violating regulations and discipline. Problems such as extravagant expenditure in production, capital construction, and circulation areas, and the losses and waste caused by bureaucratism are even more common.

According to statistics, in the 5 years from 1979 to 1983, the various losses in capital construction, whose cancellation after verification was approved, amounted to 5.07 billion yuan. Waste incurred in capital construction has many causes, among which, using capital without payment, extravagantly spending money, and units using capital while shouldering no economic responsibility are a few of the major reasons. So, how to further perfect the reasonable rules and regulations, stop the "leaving, emitting, dripping, and leaking" of revenue, strengthen financial and economic discipline and put an end to waste is also a question which needs to be solved in the financial reform. When talking about financial reform, some comrades simply think that it is to relax the policies, to delegate financial power; to "loosen control" on the enterprises, and to reduce or remit taxes, which is an incomplete understanding of the reform. From the above analysis, we can see that the complete contents of the financial reform not only include reasonably loosening financial control, but also include reasonably tightening financial control; for some matters, loosening control on them means reform; for other matters, tightening control on them also means reform. In order to guide the financial reform with correct methods of thinking, we should give consideration to the two aspects and stick to the policy of combining tight control with loose control so as to loosen control when the loosening is needed and to tighten control when tightening is needed.

Sticking to the policy of combining tight control with loose control in the financial reform is beneficial to bringing into full play the role of financial affairs as an economic lever, and will better serve the purpose of

invigorating the national economy. The national economic plan has different requirements at different periods of time. Sometimes when the national economic plan needs to encourage some sort of production, some sort of construction, or some product, it needs the support of the financial affairs and the support of other economic levers, and it also needs policies to be relaxed. Sometimes when the national economic plan needs to restrict some sort of production, some sort of construction, or some product, it also needs to impose restrictions and rigid control on them through financial affairs and other economic levers. In recent years, after delegating more powers to the localities and enterprises, capital outside the budget has increased greatly. Some localities, and some enterprises and institutions have spent most of their own capital on the capital construction. In order to strengthen control of capital construction and impose control on the scope of investment in fixed assets, and in the meantime, to gather the necessary capital for use on the major state construction projects, the state decided to levy a construction tax on the localities, enterprises, and institutions which are engaging in capital construction with capital raised by themselves, which is one of the economic methods of controlling capital outside the budget. Tight control and loose control in financial reform are two different methods adopted according to the needs of the development of the national economy, and they are both opposite and complementary to each other.

To stick to the policy of combining tight control with loose control, we must seek truth from facts and proceed from actual conditions. At present, economic life is very complicated, so we should adopt different methods according to different situations. We should loosen our control on all those things which are beneficial to the development of production, to economic prosperity, and to fostering financial resources. For example, in order to meet the challenge of the new technological revolution and to encourage technological advances, we should gradually raise the rate of depreciation on the fixed assets of enterprises, and levy preferential taxes on the new products which are open to the public; in order to further carry out the policy of opening the country to the outside world and actively import foreign capital, we should adopt preferential methods in our tax system, and in the meantime, we should make use of the capital and financial control system to prop up the special economic zones, the 14 coastal cities which are open to foreign countries, the development of Hainan Island, and so on and so forth. Relaxing the policies may sometimes affect the immediate revenues and expenditures. If we see that we will be able to gain profits in the future, we should relax our policies as much as possible as long as we have the financial capacity. While loosening the policies and invigorating the economy, we should also strictly carry out the regulations which are beneficial to defending financial and economic discipline, reducing waste, and preventing crooked activities.

Of course, tight control and loose control will not remain static, nor will they put things to right once and for all. With development and change in the economic situation, new situations will certainly emerge in the reform, so we should continuously keep abreast of the new situation and sum up new experiences so as to adjust the relationship between tight control and loose control over time in order to have a correct and appropriate grasp of them.



In order to deal with the relationship between tight control and loose control well, we should make a concrete analysis of the past rules and regulations, conscientiously sum them up and prevent the simple affirmation of all of them or the simple negation of all of them. Practice has told us that some outmoded conventions and bad habits formed under the past "leftist" ideological influence should be abolished, otherwise they will have detrimental influence on economic development and will cause damage to our financial work. But some of the basic principles and past methods can still promote the development of production at present, so we cannot denounce all of them as "outmoded conventions" and cast them away. For example, the purpose of the financial work is to serve the general line and the general task of the party and the state, the principle of acting according to financial capabilities and acting to the best of our financial capability, the method of maintaining a balance of revenues and expenditures and preventing budget deficits, the idea of increasing revenues, controlling expenditures, and opposing waste, and other rules and regulations, which are beneficial to preventing crooked methods, and so on and so forth, should not only be kept, but also be carried forward. We should pay attention to this point in the financial reform.

Owing to "leftist" influence and ideological one-sidedness, we did not successfully deal with the relationship between loose control and tight control in our previous work. When we stressed tightening control, we often neglected loosening control; on the other hand, when we stressed loosening control, we often neglected tightening control. This metaphysical method of thinking produced the following results: As soon as we imposed loose control on the financial work, there was disorder in our work; as soon as we imposed tight control on the financial work, there was inflexibility in our work. We have gained experience and learned lessons in this respect. Before this reform, although the financial control structure of our country was reformed several times, generally speaking, it belonged to a kind of concentrated financial structure with unified revenue and unified expenditure, which imposed rigid control on our work and guided our work with inflexible policies, and which sometimes also lost control of our work. For example, during the period of the "Great Leap Forward," because of delegating excessive financial powers and criticizing many effective rules and regulations as "outmoded conventions," and also because of installing "accountants who do not keep accounts" and "cancelling revenue," and so on and so forth, we lost control of our financial affairs.

As a result, false revenues and false expenditures, false balance and real deficit emerged, thus putting the financial affairs of the country in a difficult position. Both the positive and the negative experiences tell us that in financial reform, tight control and loose control are a pair of contradictions which oppose each other and unify each other. Our loose control is not unconditional and not limitless. It is a kind of loose control which does not go beyond the state's financial capacity and macroeconomic restrictions. Our tight control is not blindly tight and not unreasonably tight, it is a kind of tight control which does not affect the enthusiasm of all sides. Imposing only loose control will make for a loss of macroeconomic control, while imposing only tight control will make for a



loss of microeconomic vigor. But loose control should be proper, which means that it will not violate financial and economic discipline, reasonable rules and regulations, and will not violate macrocontrol. In the same way, tight control should also be reasonable, which means that we should consider changes in the practical situation, and cannot blindly stick to outmoded rules and regulations. Only by considering and dealing with the question of financial reform in this way can we achieve good results.

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WHY DO WE SAY THAT THE CENTRAL DECISION ON REFORM REFLECTS THE FOUR BASIC PRINCIPLES?

Beijing RED FLAG in Chinese No 2, 16 Jan 85 pp 45-47

[Article by Ma Bin [7456 7001]--passages within slantlines published in boldface]

[Text] The four basic principles of keeping to the socialist road, upholding the people's democratic dictatorship, upholding the leadership of the Communist Party, and upholding Marxism-Leninism-Mao Zedong Thought have been profoundly discussed in the "Resolution on Certain Questions in the History of Our Party Since the Founding of the PRC" and the documents of the 12th CPC National Congress. Although the "Decision of the CPC Central Committee on Reform of the Economic Structure" does not repeat the discussion of the four basic principles, which have already been discussed in full by important party documents, it implements the four basic principles in every field of reform of the economic structure and gives vivid expression to the four basic principles.

/Reform of the economic structure is proposed under the basic premise of adherence to the socialist system./ The "Decision" points out: "Reform of China's economic structure means reforming, on the premise of adherence to the socialist system, a series of interrelated links and aspects of the relations of production and the superstructure that are not suited to the development of the forces of production." The basic system of socialism is suited to the development of social productive forces, and is an advanced system which is more advantageous than any previous system. However, such advantageousness has not been precisely brought into play in the past. Economically, one of the important reasons is that a rigid mold was formed in the economic structure which has failed to suit the needs of the development of the forces of production. Only by the reform of such a rigid economic structure will it be able to bring into play the initiative of the workers and staff and the masses, and the vitality of thousands of enterprises, so as to push ahead a faster development of productive forces and bring into full play the advantages of the socialist system. Therefore, reform does not mean negating the basic system of socialism, but is a self-perfection and development of the socialist system. Just as Comrade Hu Yaobang has said: "To adhere to the socialist road, to do away with the rigid mold, and to build socialist China still better, this is what we are

striving to do!" For instance, in reforming the planning system, it is necessary to break through the traditional concept of opposing planned economy to commodity economy, and to fully develop commodity economy. Commodity economy here refers to socialist commodity economy; namely, planned commodity economy on the basis of public ownership, but not to capitalist commodity economy, entirely controlled by market regulation. In order to enhance the vitality of the enterprises, it is necessary to appropriately separate ownership from managerial power, and to give the enterprises necessary decisionmaking power. However, such decisionmaking power should be subject to the national plan and control as a prerequisite; therefore, it will not weaken, but is favorable to consolidating and making perfect and complete, socialist ownership by the whole people. There should also be competition in socialism; however, the competition between socialist enterprises is carried out under the national plan and the control of laws and decrees; therefore it has nothing in common with the law of the jungle under capitalist conditions. It is necessary for us to actively develop diversified economic forms; however, the economy of ownership by the whole people will remain the guiding force of our socialist economy and play a dominant role in ensuring the socialist orientation and the steady development of the whole economy. Therefore, persistence in the common development of diversified economic forms and managerial modes will by no means shake, but will only be advantageous to, consolidation and development of China's socialist economic system.

/The "Decision" has enriched and developed Marxism-Leninism theoretically./ Marxist-Leninist basic tenets of Marxism are correct and must be adhered to. However, how to link the tenets of scientific socialism with China's socialist realities, and how to build socialism with Chinese characteristics require our independent solution. Over a long period of time, some fixed concepts in the understanding of socialism have been formed which are not in conformity with actual conditions and which regard the rigid mold of the economic system as a tenet of socialism. For example, regarding all correct measures to invigorate and develop socialist commodity economy as "capitalist"; opposing planned economy to commodity economy; confusing ownership by the whole people with enterprises under the direct management of state organs; regarding socialism as something like egalitarianism, if the labor of some members of society brings in more income, bringing about fairly big differences, it would be regarded as polarization and a deviation from socialism. Under the guidance of these concepts, no distinction was made between the government and the enterprises in their functions; there was separation between departments and regions; the state exercised excessive and rigid control over the enterprises; there was negligence regarding commodity production, the law of value, and the role of the market; and there existed egalitarianism in distribution in the gravely rigid mode of the economic structure. The "Decision" summed up both the positive and negative experiences of China and referred to foreign experiences; and it proposed many new ideas while clarifying conventional concepts. For example, the idea that the development to the full of commodity economy is an indispensable phase in social economic development; the idea that socialist economy is planned commodity economy on the basis of public ownership; the idea that ownership can be appropriately separated from managerial power;

the idea that common prosperity should by no means, and can by no means, be complete equality, and that it is necessary to allow and encourage some areas, enterprises, and people to get rich first through hard work; and so on and so forth. All this does not run counter to socialist principles but has enriched and developed scientific socialism and political economy.

/The important essence of the reform in the economic structure is to improve the party's leadership under the premise of adherence to the leadership of the party; and to reform the state organs and leadership system under the premise of adherence to the people's democratic dictatorship./ In our leadership and management in economic construction in the past, there existed the malpractices of making no distinction in functions between party and government and between government and enterprises, the overconcentration of power, and excessive and rigid control over enterprises, which actually weakened the party's leadership, and impeded the socialist state in correctly bringing into play its role in leading and organizing economic construction. Therefore, it is imperative to carry out reform. Will the implementation of the system of the director or manager assuming full responsibility reduce the party's leadership? Superficially it seemed that the practice of the party committee taking on everything strengthened the party's leadership; in reality, this was not favorable to bringing into play the role of the director in conducting production, and weakened the leadership of the party committee. Changing such a practice suits the needs of conducting production and of the management and operation of modernized enterprises. The "Decision" requires that "party organizations in enterprises should actively support directors in exercising their authority in giving unified direction to production and operations, guarantee and supervise the implementation of the principles and policies of the party and the state, strengthen the party's ideological and organizational work in enterprises, improve their leadership over the trade unions and CYL organizations, and do effective ideological and political work among the workers and staff members." Acting in accordance with the requirements of the "Decision" will not weaken the party's leadership, but will be favorable to adhering to and improving leadership of the party.

The last section of the "Decision" focuses on a discussion of the importance of strengthening the party's leadership in reform. It points out that reform should be closely linked with party rectification. The more we enliven the economy and invigorate enterprises, the more we must pay attention to combating the corrosive influence of capitalist ideas, eliminating the decadent practice of seeking personal gain by abusing one's position and authority and preventing any action that seriously harms the interests of the state and the consumers, and the more we should strengthen the building of a fine party style and sense of discipline and maintain a healthy inner-party political life. In addition, it points out that we should build socialist civilization with both a high material level and high cultural and ideological levels. This is our party's unswerving principle. All this is a vivid expression of the leadership of the party.

To lead and organize economic construction is the basic function of socialist state organs. To correctly bring into play such a function of state

organs is an important essence of adherence to the people's democratic dictatorship. In the past, the function of a socialist state in economic management was misunderstood as direct management of enterprises on the part of government departments. As a result, the central and local governments took on many things which they should not have taken on, while many things which they must manage were not well managed, and while the enterprises became subsidiary bodies of administrative organs, and their vitality and vigor were repressed. The separation of government from the enterprises in their operation, and the implementation of streamlining administration and delegating power are not weakening or abolishing the economic function of the state, but providing a guarantee and condition for the state organs to better lead and organize economic construction. In this way, the state organs may concentrate their efforts on carrying out macroscopic control and regulation, and serve production and grassroots units in a down-to-earth manner, which will be more favorable to overcoming subjectivism and bureaucratism. The "Decision" makes explicit stipulations on the chief function of state organs in economic management, and points out: "When the structure changes, the organization and the style of thinking and work should also change." With the structure reformed and the style improved, we will ensure that the state can better bring into play its function of economic management.

Adherence to the four basic principles is the basic premise for fulfilling the four modernizations and a basic guarantee for doing a good job in reform. Just as the "Decision" concludes: "By relying on the people's wisdom and strength and adhering to the four basic principles, we will certainly succeed in our reform and fulfill the general task and reach the general goal set by the 12th CPC National Congress." Here we can see the "Decision" gives full expression to the four basic principles.

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## WHY CANNOT EGALITARIANISM BE REGARDED AS A SUPERIOR FEATURE OF SOCIALISM?

Beijing RED FLAG in Chinese No 2, 16 Jan 85 pp 47-48

[Article by Li Zhuqi [2621 0031 0366]]

[Text] Egalitarianism is an ideal of absolute equality based on small production. It is a product of small-peasant economy and individual handicraft industry. In feudal society, in view of the fact that the landlord class relied on possessing lands to engage in exploitation, poor peasants put forward egalitarian demands, like "equalizing nobles and humbles and balancing poverty and wealth," "equally sharing out lands and remitting taxes," and so on. Though it possesses progressive significance in resisting exploitation, this could only be an illusion of small producers as to "equalization." The egalitarianism we talk about so often means that in the distribution of consumer goods to individuals people indiscriminately demand equal remuneration in total disregard of quantity and quality of work, and deny the difference in income as a result of difference in work. (The same applies among enterprises.) Inevitably, this will lead to the phenomena of people getting the same pay for doing more or doing less work, doing it well or badly, and doing it or not doing it at all, which will seriously discourage the socialist initiative of the broad masses of laborers. In the conditions of socialism, egalitarianism does not possess any progressive significance.

The superiorities of socialism are manifold, but in the distribution of consumer goods to individuals its important manifestation is the principle of "from each according to his ability and to each according to his work." This requires everyone with working ability to work for society according to his ability and receive corresponding remuneration according to the quantity and quality of his work (after deducting the portion provided to the society). People who work more will receive more, people who work less will receive less, and people who do not work will not be fed. In this society, the amount of work is the measure for distributing consumer goods to individuals. No one is allowed to receive income by possessing means of production or other privileges, except by his own labor. Distribution according to work indicates that fundamental changes have taken place in the status of class and nature of work of laborers. This links up the material interests of a laborer with the fruits of his work. Whoever makes a greater contribution should have more income and enjoy a better life. The recognition of



the difference in degree of being well-off among laborers (but not the difference between poverty and wealth reflecting antagonism between classes) can be used to encourage people to work even harder and impel the productive forces of socialism to keep on developing at a higher speed which capitalism will not possibly experience, so as to give full expression to the superiorities of socialism.

Socialism is not egalitarianism, and the superiority of egalitarianism and the superiority of socialism have nothing in common. Just as Stalin pointed out when criticizing "leftist" deviation in the Soviet Union: "Everyone receives the same salary and the same amount of meat and bread, and wears the same kind of clothes, and receives the same kind and the same amount of products--such kind of socialism is something which Marxism does not know of." ("Collected Works of Stalin," Vol 13, p 104) The decision of the Central Committee of the Communist Party of China on reform of the economic structure points out that: "This egalitarian thinking is utterly incompatible with scientific, Marxist views on socialism," and that "if the egalitarianism is unchecked, the forces of production will inevitably be undermined." Therefore, we should not confuse egalitarianism with socialism.

Why should some regard egalitarianism as a superior feature of socialism? The following are several main reasons: First, in old China small producers were numerous and egalitarian thinking had a very long history. Therefore, even now, some people still regard the idea that "poverty does not matter but unfairness does" and the proposition of "balancing poverty and wealth" as the realizable ideal under the conditions of socialism. Second, during the years of war, the material conditions in the liberated areas were very tough, and in order to ensure the minimum daily necessities, a supply system was practiced among our cadres, which was basically equal but with slight differences. In the early days of the People's Republic, in order to speedily heal the wounds of war and to reduce people's burden as much as possible, we still practiced the supply system for a period of time. Indeed, under the given conditions, the supply system played an important role in winning victory in the revolutionary struggle. However, as a result, some comrades mistook the supply system with its shades of egalitarianism for the superiority of socialism. Third, during the 10 years of internal disorder, under the pretext of restricting "bourgeois rights" and opposing "polarization," Lin Biao and the "gang of four" tried by every means to vilify the principle of distribution according to work. They put forward the egalitarian rubbish rejected by Marxism long ago to pose as socialism, and its pernicious influence still affects some people today. Fourth, for a long time, in the process of carrying out the principle of distribution according to work, as a result of the interference by the "leftist" guiding ideology, egalitarian deviations still in fact exist more or less universally. For example, everyone has equal opportunity in salary and grade adjustment, everyone is entitled to an equal share in bonuses or takes the biggest share by rotation, and profits are equally shared among enterprises in disregard of individual profit or loss. Those people who are quite used to "eating from the same big pot" will naturally tend to link egalitarianism with the superiority of socialism.

In carrying out economic reform, regarding the distribution of consumer goods we should pay special attention to making a clear distinction between egalitarianism and the superiority of socialism, so as to eliminate the malpractice of "everybody eating from the same big pot," better carry out the principle of distribution according to work, truly reward diligent people and punish lazy people, reward people who have performed well and punish people who have performed badly, and let people who are proficient in work and can make more contributions through working become well-off before others, thereby bringing along all the laborers to actively expand production and embark on the road of common affluence.

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